UNITED STATES OF AMERICA

PRESIDENT'S ADVISORY COUNCIL ON
FINANCIAL CAPABILITY

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MEETING

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MONDAY, APRIL 9, 2012

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The Advisory Council met in the Cash Room in the Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 10:00 a.m., John W. Rogers, Jr., Chairman, presiding.

PRESENT:

JOHN W. ROGERS, JR., Council Chairman, CEO, and Chief Investment Officer, Ariel Investments
AMY ROSEN, Council Vice Chair, President and CEO, Network for Teaching Entrepreneurship
ROLAND A. ARTEAGA, President and CEO, The Defense Credit Union Council
JANIE BARRERA, Founder and CEO, ACCION Texas Inc.
TED BECK, President and CEO, National Endowment for Financial Education
SHERRY SALWAY BLACK, Director, Partnership for Tribal Government
JOHN HOPE BRYANT, Founder, Chairman and CEO, Operation HOPE
SAMUEL T. JACKSON, Founder, Chairman and CEO, Economic Empowerment Initiative, Inc.
RICHARD KETCHUM, Chairman and CEO, the Financial Industry Regulatory Authority (FINRA)

PRESENT(Cont'd):

BETH KOBLINER, Personal Finance Journalist
ADDISON BARRY RAND, CEO, AARP
ELDAR SHAFIR, Princeton University
KENNETH WADE, Senior Community Affairs Executive, Bank of America

PANEL MEMBERS:

SHARON EPPERSON, Panel Moderator, Personal Finance Correspondent, CNBC
BRIAN DEESE, Deputy Director, National Economic Council
PETER FRANCHOT, Comptroller of the State of Maryland
OTIS JOHNSON, Former Mayor of the City of Savannah, Georgia
RACQUEL RUSSELL, White House Domestic Policy Council, Special Assistant for Mobility and Opportunity

ALSO PRESENT:

CYRUS AMIR-MOKRI, Assistant Secretary for Financial Institutions, U.S. Department of the Treasury
KAREN GROSS, U.S. Department of Education
MELISSA KOIDE, U.S. Department of the Treasury, Executive Director of PACFC
NEAL S. WOLIN, Deputy Secretary, U.S. Department of the Treasury

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

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

(10:04 a.m.)

CHAIRMAN ROGERS: Thank you and welcome to the President's Advisory Council for Financial Capability held during Financial Literacy Month. I officially call the sixth the meeting of the President's Advisory Council on Financial Capability to order.

I would like to start by thanking all Council Members for their extremely hard work since our last meeting on January 19th. We have had lots of private meetings, lots of conference calls. Everybody has been working extremely hard.

I would also like to welcome our two newest members to the Council. We are very fortunate to have Dr. Eldar Shafir join us. Since Dr. Shafir has joined in January, he has already been working with a number of the subcommittees and sharing his insights with the Council.

Dr. Shafir is the William Stewart

Tod Professor of Psychology and Public Affairs in the Department of Psychology in the Woodrow Wilson School for Public International Affairs at Princeton University.

His research focuses on descriptive analysis of decision making and on issues related to behavioral economics with a focus on decision making in the context of poverty and on the application of behavioral research to policy.

Eldar, would you like to say a few words?

MEMBER SHAFIR: Thank you, Mr. Chairman. It is obviously a pleasure and a great honor to join this important and hardworking committee.

I am still in the phases of learning what we can do and how best to go about it. I think many of the issues we are looking at are more important than many, many people tend to assume or realize.

I come from a perspective that

tries to gain behavioral insights into how people make decisions, what drives what they do, how people perceive their problems. And I hope, among other things to try to help and contribute to our understanding of the problems that are faced by people who are threatened by very difficult financial circumstances.

One area that I think I would love to promote more and talk to all the members and other more about is the issue that there are two steps, I think, to our attempts to understand and help our clients and people who are facing threats of capability. One is financial education, a better understanding of the issues and how to think about them and forming right intentions. And then I think more of a preoccupation with the context in which we will put them to function in their daily lives.

So I think educating people and then putting them in a context that is extremely unfriendly and threatening is just not going to work as well.

So I would love as a committee to focus both on what people know and understand and the intentions they form and then think about more whether it is regulation or protection, other issues where government can step in and try to do the minimum we can to create a context where those who have understood and formed right intentions can actually function well.

And I am looking forward to all weekend. Thank you.

CHAIRMAN ROGERS: You're welcome and we are happy to have another Princetonian in the Princeton community here. So thank you.

We also welcome Marc Morial to the Council, who unfortunately could not join us today. Marc is the former Mayor of New Orleans and he also is currently the President and CEO of the National Urban League. So we will be looking forward to seeing Marc at future meetings.

Finally, I would like to welcome Melissa Koide, who has joined Treasury as the Deputy Assistant Secretary responsible for matters concerning financial access in education and consumer protection. She will also serve as the Executive Director of this Council.

Most recently, Melissa was the Vice President of Policy at Center for Financial Services Innovation, where she established and led the organization's Washington, D.C.'s policy office.

Melissa, would you like to say a few words?

MS. KOIDE: I would. Good morning, everybody. It is great to be here. It is great to be with all of you. It is a real pleasure and an honor to be serving as the Executive Director of this Council and I am really looking forward to working with each of you over the coming months.

I have to say over the past year I have been sitting in this audience listening to the wisdom and the insights that you all bring to this really important topic and I am glad to be with you.

I also respect the work that you are each doing and the commitment that you have all shown in helping to build American's financial capabilities. You recognize the need for a range of strategies and approaches to address the financial skills, the knowledge, and the access challenges that many Americans are facing. You also understand that this challenge presents a powerful opportunity to bring together both tested approaches as well as innovative ideas to provide Americans with tools, resources, and information that they need to make better financial decisions both in the short-term and also for longer term financial goals.

I appreciate the vision that you

have provided Treasury and the Administration, which has clearly helped to shape the work of this Department. You have identified critical areas of focus, families and communities, as well as the workplace and schools. And I intend to build on those touch points going forward.

You have also provided recommendations that allow us to both build on successes in the financial education field and on promising opportunities through technology and innovation. That will be a key area of focus for our work at Treasury in the coming months.

And then importantly, and Ted I know you have been a strong proponent of this, you have really emphasized the need to understand and to measure what works, in order to replicate and scale effective skills and approaches.

So I support that perspective and I will be very focused on incorporating that into our work in our agenda here at Treasury.

It is a pleasure again to be with all of you and I am looking forward to working with you. Thank you.

CHAIRMAN ROGERS: Okay, well thank you.

Now I understand that Secretary Geithner had planned on joining us but had a last minute conflict. And I am pleased that we will be joined by Deputy Secretary Neal Wolin. And is the Deputy Secretary --

MS. KOIDE: I don't think he is in the room yet. I think he is in the building.

CHAIRMAN ROGERS: Okay. So why don't we start with, if it is okay with our Council leaders and vice chairs, if they could give their presentation, and subcommittee chairs, if that is okay. Because those were going to be sort of five minute types.

So I am looking at Amy, our Vice Chairman.

VICE CHAIR ROSEN: Thank you. So

I can be very quick on the Youth Subcommittee. I assume that we are going to do the recommendations later in the meeting for the actual votes.

CHAIRMAN ROGERS: Well we can do, depending on the Secretary's schedule we have time.

VICE CHAIR ROSEN: So first of all, thank you to my committee members. We would be nowhere without you, particularly in the last couple months. I feel like you all have been driving the work and I am very grateful for that.

One announcement is the Treasury's National Financial Capability Challenge is currently underway and we have until April 13th that we can still take entries. And we are interested in making sure that everybody is aware of that and are excited about the kind of response that we are doing.

We have been spending a lot of time as a committee working with several districts to encourage strategies that will actually embed this agenda relating to financial capability and learning directly into the core classes of K through 12. We are pretty excited because we actually think that there is some very innovative approaches being investigated in several cities that are beginning to pilot really new approaches, including Chicago, Newark, and Baltimore in the city level, as well as several states who are doing some really interesting things, particularly around teacher training that Ted and some others have been involved with including Vermont.

We also have been working around the student loan issues looking for strategies to promote the pay-as-you-earn programs to really ensure that more and more young people actually are aware of these changes in the programs offered by the administration and the ability to hopefully manage their loans productively.

Working ahead, we are also on the K through 12 space just a big opportunity and really want to incentivize the development of curricula in the private sector in the not-for-private sector, in the district level, in in the state level, that fulfill the objectives of the English Language Arts and Math Common Core Standards. Because as every state and district is really moving quickly to look at curricula that will really embed a lot of these new standards, we see particularly around the learnings of nonfiction literature et cetera as just a true big opportunity to embed this in core English and math, et cetera. So working on a number of different areas there.

I am also pleased to say, and Beth Kobliner has really driven this work, that the Council is going to recommend -- is recommending today to the President and to encourage federal agencies through an Executive Order to promote and utilize what we are now calling Money As You Grow. We have talked about this in the past several meetings. Formally we are calling in Money Milestones. And thanks to the entire committee, but particularly Beth and her staff, over the last 16 months we have really studied the core concepts of every child and his or her family and what they actually need to know to be financially fluent. And we have taken into consideration the multiples of standards, curricula guidelines from FLEC, et cetera, and tried to boil it down to a relatively simple tool of 20 financial milestones for children from pre-age to young adults.

We by no means think that this is the end answer to all but we think it is a really, really clever interactive tool that both schools but also families can actually just use in an interesting way. So we are recommending that it be promoted on Money As You Grow on mymoney.com and a number of other strategies within the federal government to actually just get this tool out and made available to people.

So I don't know if we have time to actually take a vote on that. Okay?

CHAIRMAN ROGERS: Yes, I think so.

VICE CHAIR ROSEN: So first of all, Beth, would you like to -- is there anything I have left out?

MEMBER KOBLINER: It's perfect. I just want to thank Amy for her leadership and the amazing help from Ted and Rick, everybody here really, and of course Samuel and Arty and just weighing in with such good information, and John for bringing this, and Bob for bringing this issue to the floor. So thank you.

VICE CHAIR ROSEN: So the specific recommendation which is in the book and I know all the subcommittee chairs have reviewed it, is we are recommending that the President encourage federal agencies through executive order to promote and utilize Money As You Grow as one tool to improve the financial capability of America's youth. Do I hear a motion?

MEMBER HOPE BRYANT: I'll make it.

VICE CHAIR ROSEN: Thank you, Mr. Bryant. Do I hear a second?

MEMBER JACKSON: Second.

VICE CHAIR ROSEN: Thank you, Mr. Jackson.

CHAIRMAN ROGERS: We can have a conversation now of any question for Amy or Beth. Because this is terrific work and great leadership. Any questions, concerns, dialogue?

Okay well then we will call the question. All in favor?

(Chorus of ayes.)

CHAIRMAN ROGERS: All opposed?

(No response.)

CHAIRMAN ROGERS: Okay, thank you.

VICE CHAIR ROSEN: Thank you. We

have one other recommendation as a committee. Are we still okay on time?

MS. KOIDE: Still okay.

VICE CHAIR ROSEN: Yes?

CHAIRMAN ROGERS: Yes, but look at Melissa. She is the expert.

VICE CHAIR ROSEN: Got it. I just want to keep it moving. And the Council has been working on this as a Council but Ted Beck has been really driving this work forward. And you know research shows that children can obviously build financial capability and knowledge when given the opportunity to have their own savings account. So ever since we really gathered as a panel, we have really talked about how we could facilitate children's savings in a productive work given all the limitations around regulation, situation, et cetera.

And Ted, can I turn to you to actually talk about the Roth?

MR. BECK: Thank you, Amy.

Actually we have a little housekeeping we have to do before we go into officially talking about it.

In working with the Treasury over the weekend, we got some excellent input on some very modest changes in wording. So if I could have the committee members, if you haven't had a chance to read the highlighted page you have been given, the input I think was very important and did clarify a couple of technical points. So I will speak for a second or two while you are looking at that in case we had to -- we will have to vote on that as a committee before we can bring it to the entire Council.

The Roth at Birth concept is really building off the concept of the importance of saving at very young ages. We looked at numerous ways to try to achieve this and Samuel especially did some very good work at the start of the Council in trying to identify ways to get kids to save as early as possible. And the idea we seized on which is outlined in the Roth at Birth concept is really trying to find a very familiar tool that people could use and that could be expanded to start to have children save literally at birth.

Now currently in the way the rules are written on Roth, you can start a Roth account for a child when they are born. However, that child has to have earned income, which is a bit of a challenge.

(Laughter.)

MR. BECK: I have four children and I try to have all them have earned income at birth and I am 0 for 4. So the only change we are suggesting is that a child at birth can use the limits available to their immediate family and start a savings program literally when they come home from the hospital. This allows the time value of money to work to the advantage of the child. And you are picking up 20 to 30 years of wealth accumulation and it is specifically beneficial to low and moderate income families to get them engaged in this program as early as possible.

Some very important things, these are after-tax dollars. We are not recommending any subsidy nor any increase in the limits available to a family. So the detail in the report really goes into the mechanics to make sure that there is no assumed increase in this. So this is merely letting a family take advantage of resources and tools that are available to them.

So we think it provides ultimate flexibility and can be especially directed at low to moderate income families.

So the proposal itself as it now reads: The Council recommends that the Department of Treasury evaluate the merit of the Roth at Birth concept intended to encourage families to begin early savings for their children and consider whether legislation to give effect to such a concept would be advisable. This recommendation will need to be evaluated within the context of sound tax retirement and budget policies in order to promote the purpose in a cost-effective equitable efficient and otherwise appropriate manner in accordance with these policies.

As I said, we had great input from Treasury all weekend, so we covered a lot of things.

VICE CHAIR ROSEN: Could we put this for a vote following the Deputy Secretary?

MR. BECK: Yes, absolutely.

CHAIRMAN ROGERS: Okay, so we are going to move back to the Secretary. And so Ted, you will get us back on track when we come back.

So, Neal S. Wolin was confirmed by the Senate as Deputy Secretary of the Treasury on May 168, 2009. Prior to his confirmation as Deputy Secretary, Mr. Wolin served in the

Obama White House as Deputy Assistant to the President and Deputy Counsel to the President for Economic Policy.

Before joining the Obama Administration, Mr. Wolin was the President and Chief Operating Officer of the Property Casualty Insurance Companies of The Hartford Financial Services Group Inc. He served as Executive Vice President and General Counsel of The Hartford from 2001 to 2007 and oversaw the company's law, government affairs, communications, marketing and tax functions.

He received his BA degree in history summa cum laude from Yale College, a Master of Science in Development Economics from the University of Oxford, and a JD from Yale Law School, where he was a Coker Teaching Fellow.

So now it is my privilege to introduce Secretary Wolin.

DEPUTY SECRETARY WOLIN: John, thank you for that introduction. Let me begin by welcoming everyone here to the Cash Room and to the Treasury Department.

We are very pleased to have you all here today for today's open meeting of the President's Advisory Council on Financial Capability.

I want to thank John and the other members of the Council for their deep commitment to improving financial education across the country. I also want to welcome Eldar Shafir and Marc Morial, who could not join us today, as new Council members.

Here at Treasury, I want to convey -- I want to thank everyone at the Department who has made today's event possible, including Assistant Secretary Cyrus Amir-Mokri; Melissa Koide, our new Deputy Assistant Secretary for Financial Education, Access, and Consumer Policy; and Louisa Quittman, the Director of Financial Education.

We are also pleased to be joined by our colleague from the White House, Racquel

Russell.

Finally, I want to acknowledge the business, government, and financial education leaders who have joined us. As we consider ways to strengthen financial capability across the country, we are going to need your continued commitment.

This is National Financial Capability month, and we are here because financial capability is a cornerstone of a competitive economy. Today, we want to explore how we can all help -- help all Americans gain more control of their finances.

To put this discussion into context, let me talk a little bit about the state of the economy and how we got here. When President Obama came into office a little more than three years ago, the recession was well underway. We were losing 750,000 jobs a month. Businesses were failing at a record rate. House prices were falling. Capital markets were in a state of shock.

The President, working with Congress and the Federal Reserve, took a series of swift and bold actions to stop our economy from falling off a cliff and to jumpstart growth. Today, thanks to the force of those actions, our economy is gradually getting stronger. Over the past two and a half years, the economy has grown at an average annual rate of 2.5 percent. Businesses have added nearly 4 million new jobs in the last two years, including more than 400,000 manufacturing jobs. The economy is regaining momentum. But we still have more work to do to repair the damage caused by the worst financial crisis in our lifetimes.

So it is important for us to remember what set this crisis into motion. Businesses took on too much risk. Washington let those risks grow unchecked. And in communities across the country, Americans made dangerous financial decisions that they did not fully understand.

We are in a much better place today, but there is still more to do. As the President has said, we must "promote a financial system that is fair and sound for all." That means we must knock down barriers that keep consumers from successfully navigating today's complicated financial world.

The first thing we have to do is put strong consumer protections in place. That is why the President fought to make sure financial reform included the strongest set of consumer financial protections in history, and created an independent watchdog to enforce those protections. Today, consumers are already relying on the Consumer Financial Protection Bureau to help settle disputes with financial companies. The CFPB is also working to improve disclosure on mortgages, credit cards, and student loans and it is examining payday lenders to help protect the 19 million American households borrowing money through payday loans.

So we have to make sure strong, common sense consumer protections are in place but we also have to increase financial capability.

The President has made helping Americans get the financial skills and know-how they need in today's economy a critical imperative. Last year, the Administration released the National Strategy for Financial Literacy, a comprehensive plan to improve financial education across the country. The President also created this Council to maximize the effectiveness of current financial education and access programs, while identifying new strategies to foster financial capability.

And in 2009, the Administration started the National Financial Capability Challenge to boost the financial literacy of high school students. This awards program, which is underway right now, is run by the

Treasury Department with the Department of Education. The Challenge is encouraging teachers across the country to give students the skills they need to make better financial choices and we know this program is having a powerful impact on the students who have taken part.

As Bob Mantell, the director of financial literacy for the school district in Treynor, Iowa, explains: "The Challenge allows students to recognize those things that they don't know and delivers a 'reality check' to those who feel they are already prepared to tackle the complexity of the real world."

The fact is, when teenagers graduate from high school, they shouldn't only have a basic understanding of how our economy works, they should also be armed with a basic understanding of how to make wise financial decisions. Students should understand how to successfully take on student loans, save for long-term goals, apply for credit, and avoid unnecessary fees and charges.

And while we're doing our part to help increase financial literacy in the classroom, parents have a role to play too. Teaching kids basic money management skills is something that can start at home and have lasting results but financial capability is about more than improving education. It is also about improving the ways consumers interact with the financial system. Right now, too many Americans don't have access to basic financial services. In fact, more than one out of every four U.S. households is unbanked or underbanked.

The underbanked often have to rely on high-cost financial services providers to get their basic needs met. They are regularly hit with overdraft fees and stuck with low credit scores. Today you are going to hear about some of the latest community-based programs that are helping Americans tap into better financial options and improve their financial circumstances. For example, across the country, Bank On programs are helping underbanked individuals get affordable accounts, financial services, and financial education. And in 23 states, Ways-to-Work is offering borrowers financial counseling alongside low-cost car loans so that they not only have dependable transportation but a better understanding of their finances. This program was developed with the help of Treasury's CDFI Fund, and is rooted in the basic principle that having a reliable car helps people get to jobs and to keep them.

Government is also making a difference by helping government workers cut through the fog of financial decision-making. In New York, for instance, the city established a program with a local bank so that municipal employees can get free financial counseling when they open a bank account. This program, which could potentially be replicated across the nation, is consistent with the recommendations made by this Council in January to position government as a model employer in promoting financial capability.

And technology is giving Americans new tools to make better financial decisions. Mobile phones, and particularly smartphones have great potential to foster financial capability. Mobile phones are providing consumers with daily bank balances and alerts, helping consumers avoid expensive fees and encouraging them to make deposits in their savings accounts. ATMs alert customers when they are about to withdraw over a budget limit. And employers are using specialized video games to teach workers about the importance of saving for retirement.

These technology-based tools are promising areas that we will be examining more closely in the coming months.

I would like to close by thanking everyone again today for participating in today's meeting. This is an important opportunity to come together to help more Americans take control of their financial future and to promote a financial system that works for everyone.

Now I would like to turn the podium back over to John Rogers. Thank you, John.

CHAIRMAN ROGERS: Thank you very much. I really appreciate your remarks and the support here at Treasury. Thank you.

With that, it is time to turn it over to our panel. And let me ask John Hope Bryant, the Chairman of the Underserved and Community Empowerment Subcommittee to introduce our panel. I really appreciate all of the hard work, John, and efforts you have put in to putting this event together today, as well as your team and the rest of the committee members.

MEMBER HOPE BRYANT: Thank you, Mr. Chairman. Do you want to wait until after the panel to finish the remainder of the committee reports, I assume. Correct? Okay.

I am going to say just a couple of very brief comments and I am actually going to ask the guy who actually put this together, I got credit for it but he did the work, Samuel Jackson, to actually introduce the panel. I said you wouldn't mind.

And I just want to say that this is an incredibly important topic and important time. You know, in Maryland the Comptroller you are going to meet in a moment who is a trailblazer in this area, a third of all residents would have to sell their car to have $3,000 in their pocket. This is America and that just shouldn't be.

The number one cause of divorce in America is money, the number one cause of domestic abuse. Black and brown kids dropping out of college is not academics, it is money. Three hundred and fifty young bright lights at Spelman last year who had a 3.5 GPA could not get back in college because they didn't have tuition, not because they didn't have good grades.

So this is relevant to the economy. It is relevant to our recovery. It is relevant to Treasury. It is relevant to GDP growth.

And the underserved often have too much month at the end of their money. And so these issues are particularly relevant for them. And I am honored, Mr. Chairman, that you, you and the Secretary and the President saw fit to see a committee expanded to include the underserved and community empowerment, that is an important move that you didn't have to make. So I want to thank you for that publicly.

I would like to now turn the agenda over. I know you are shocked that that is all I have to say but I am going to turn the agenda over to Samuel Jackson.

MEMBER JACKSON: Thank you, John

and thank you Mr. Chairman. I am going to be very brief and turning over to Sharon so that we can get it rocking and rolling with this panel.

So with all of that being said, we have a great panel today. Sharon is going to do an awesome job as moderator and as I said, we are looking forward to a great discussion.

MS. EPPERSON: All right. Well I want to thank everyone, this Council, for inviting me to moderate this panel. It is a very important topic that I am very interested in. And you have the bios of all the panelists there in your packets and mine as well but what it does not say is how committed I am to this subject and this topic of financial capability and how I have tried in my reporting to kind of highlight some of the programs and the work that I see that has worked, and in my personal life have done the same.

Before introducing the panelists,

I wanted to just tell you a brief bit about why I am here and why I think this is so very important. Why I am here is that I hope that we come up with some real solutions and find out about initiatives that have worked and find out about the obstacles that some of these people have had to overcome to make sure that these programs work in local communities.

I had the fortunate ability to serve for several years on the Council for Economic Education as a Board Member. And one of the things that I was able to do as a reporter in learning about some of the programing is to visit a school in Memphis, Tennessee that is part of what has been underway there since 2006 called the Smart Tennessee Program. It is now served about 100,000 students state-wide. And perhaps because I am the mother of a six- and nine-year-old, I am very interested in developing financial capability as early as possible. So I talk about money in my house all the time.

My kids may not like it but that is the way it goes.

These students were in the first grade. They were learning about opportunity costs. They were learning about needs and wants. They were learning about sound decision making and I think that is what it comes down. Deputy Secretary Wolin just said it. What happened in the financial crisis came down to dangerous decisions that were made. And what we need to do, particularly in underserved communities is to start to develop sound decision making capabilities. And that starts not in high school; that starts in first grade and in kindergarten, in preschool if they are able to attend.

So in this community, I was able to see and tell a story about one classroom, just a microcosm of what is happening throughout that state. And what was interesting for our CNBC audience was to learn that this was not something that was just the brainchild of a professor at the University of Memphis. This took state dollars. This took First Tennessee Bank private dollars. It took everyone in the community working together.

And so what you are going to hear today from our panelists is how in their communities this has worked. What I hope we will hear from the White House is what they like to see happen and how it has worked; and also from the National Economic Council the same in terms of how all of this ties together from what Amy described in terms of what the Youth Committee is doing, to what this committee is doing in promoting financial capabilities among the underserved.

Let me start by introducing our panelists and I will do it alphabetically. Brian Deese is the Deputy Director of the National Economic Council and he is charged with economic priorities, including tax policy, financial regulation, housing, clean energy, manufacturing, automotive industry, and we look forward to hearing his comments.

Peter Franchot was elected the 33rd Comptroller in Maryland in November of 2006 and he has been on some very powerful boards, of course, in that state, the Board of Public Works and the Vice Chair of the State Retirement and Pension System in Maryland, and we look forward to hearing what is happening in Maryland, in the State of Maryland.

The former Mayor of Savannah, Georgia is Otis Johnson, who is on our panel today talking a little bit about what they have done -- you might have some pamphlets here about Step Up Savannah -- what they have done in that community to aid low-income families not just in Savannah but using that as a microcosm throughout the south in terms of your program.

And from the White House, I am very pleased to introduce Racquel Russell, who is the Special Assistant to the President for Mobility and Opportunity with the Domestic

Policy Council. She has been with the White House in that role since 2010 and she is leading the White House Initiatives on Mobility and Opportunity and focusing on areas about the safety net and income support programs, labor and workforce job training and nutrition as well.

So thank you all for being on this panel.

MEMBER HOPE BRYANT: Sharon, before you go any further --

MS. EPPERSON: Yes?

MEMBER HOPE BRYANT: Racquel's bio doesn't really do her justice. She is the most important conversations in the White House happen within two or three seconds walking down a hallway. And if you can catch somebody, they will stop and they will listen for a minute. Financial literacy doesn't normally catch somebody right in their tracks but Racquel always stopped and some of the most important conversations happened when she was heading somewhere and didn't have any time for it but like today, she has always made time. She is also leading the cities initiative, the Urban Cities Initiative for the President.

This is a passionate interest of hers. She is a real supporter and I will say a rock star in this administration and we are lucky to have her, of course and the rest of the panelists it goes without saying. It is also great to see a woman with such incredible leadership abilities and in such an incredibly important position in this administration.

MS. EPPERSON: And that is exactly why I was going to start with her.

(Laughter.)

MS. RUSSELL: There it goes.

MS. EPPERSON: There you go. Thank you, Racquel.

MS. RUSSELL: Thanks, Sharon. Thank you, John.

I am happy to be here and as John

said, this is something that I am extremely passionate about. I work on mobility and opportunity issues for the White House and for the President. I am also, quite frankly, a success story of economic opportunity myself, coming from a low-income family originally from New York and then South Florida. So I know this personally and I feel it personally and I am happy to do this work.

As Sharon said, the Mobility and Opportunity Office of the White House Domestic Policy Council promotes policies and initiatives that lead to social mobility and economic opportunity for all Americans, with a targeted focus on low and low-to-moderate income families and communities.

When we think about achieving social mobility and economic opportunity, especially for low-income Americans, we often think of it in terms of self-sufficiency. And we know that a quality education and a good job are cornerstones to economic opportunity and self-sufficiency but the President understands that the issues facing many Americans, especially low-income families are multidimensional. Therefore, the solution has to be multidimensional.

And that is why this administration has taken and will continue to take a holistic approach in creating pathways of opportunities for Americans by empowering families and communities through innovative programs and initiatives.

This includes historic investments in the social safety net; revitalizing struggling neighborhoods and communities through efforts like the White House Neighborhood Revitalization Initiative and strong cities and strong communities; ensuring children are ready to learn when they get to school by providing quality early childhood education; and that our youth are ready for college and career when they graduate from high school through innovative programs like

Race to the Top.

But the President also understands that when we take this holistic approach we also need to think about other things like financial capability when we are talking about economic opportunity. And this is important to all Americans but financial capability however is particularly low in communities of color. Approximately 30 percent of Latinos and African Americans are unbanked and nearly 25 percent of these communities approach retirement with less than $1,000 in total net worth, excluding their pensions and social security.

A lack of financial capability plays a role for so many Americans who fall into cycles of being unable to save and move up the economic ladder. And I want to briefly discuss two federal programs that promote savings and provide tools for financial capability to the underserved populations. The Department of Housing and Urban

Development administers a program for residents receiving public housing assistance called the Family Self-Sufficiency Program. Families in this program receive an interest-bearing escrow account where increases to their family income that would have otherwise gone towards their rent are instead placed in these accounts for five years. An evaluation of this program show that 85 percent of those who remained enrolled had positive escrow account balances with average savings balances being around $3,500.

The Department of Health and Human Services provides grants to community-based organizations to provide asset-building services to low-income families and communities. These grants promote savings through matched savings accounts that can be used to purchase a home, used in education or training, or to open up a small business.

The assets for independence program also provides services related to family finances and financial management to just owning and managing bank accounts, credit counseling and credit repair. Both these programs are successful programs but they are small programs and we know that there is more that we can be doing and more that we need to be doing.

And like many of you, I have heard of many innovative and successful programs across this country that are providing tools for low income youth and families to become financially capable. And it is important to promote and encourage these initiatives, and more importantly to provide an opportunity for communities to hear from each other and learn from each other.

So many Americans are just struggling to get by. And when you are barely living paycheck to paycheck, it is sometimes hard to see the forest through the trees and to fully understand and appreciate the importance of financial capability.

This is especially true for our youth. A young man or woman living in a low-income family who has never witnessed true financial empowerment or how to achieve it, for these kids we must find ways to convey that the merits of long-term financial well-being should not only be a thought in the abstract but that there is a direct link to their success and financial capability. That building a retirement savings, having a nest egg for emergencies, having a bank account and a savings account and avoiding high credit card balances are all critical to true economic opportunity and success.

And as we continue to create pathways out of poverty and into self-sufficiency for low income families and communities through federal programs, public-private partnerships and initiatives, we must also provide the tools necessary for financial capability. Otherwise, true self-sufficiency, true economic opportunity will be very difficult to achieve.

Thank you.

MS. EPPERSON: Thank you. Brian, can I have an opening statement?

MR. DEESE: Sure. Well first of all, thank you for having me on this panel today. Thank you, John, for your leadership and to the entire Council for your service. I am going to be very brief just in following up with a couple of thoughts on what Racquel said. I mostly want to hear from you all and have a discussion here today.

I really just want to leave you all with one thought here at the beginning, which is that financial capability cannot and should not be an issue that we think of separable and separate from our overall economic strategy. I am on the President's Economic Team and we spend most of our time focused on how can we help improve the trajectory of the economic recovery. How can we accelerate the pace of job growth? How can we get more people back to work and create more income security for middle class families?

We have been focused on that project during a period of unprecedented economic stress and we have been through a set of crises and policy responses that are truly unique in all of our lifetimes. But as we begin to recover, we cannot achieve the President's vision of an economy built to last, one that actually produces durable economic growth where families have greater income security than the prior generation without addressing this core issue of whether American families have the ability and the tools and the knowledge to navigate their own personal financial circumstances more effectively.

In terms of our perspective on the recovery, there is some good news out there. It is worth stopping and noting that only a couple years after coming into this building and this administration when the economy was in complete free fall, we have changed the trajectory of the recovery. And probably the single most important thing for the recovery of family and household balance sheets is that we get this economy growing faster. We create jobs at a faster pace and we can't keep our eye off of that.

You know, it is notable that the recovery in markets that we have seen, with the stock market almost doubling from its low in March 2009 has now brought back all of the elimination of retirement wealth. So if you look at total retirement assets of American families, we are actually now back above where we were in 2007. That is something that is worth noting and worth reflecting on, particularly in the context of the extraordinary actions that this President, that Secretary Geithner and others had a hand in crafting.

The place where we have so much

work to be done is that those gains are uneven and they are not sustainable. If we don't build a firmer foundation, particularly around this issue of financial capabilities. And as Racquel pointed out, the dramatically uneven distribution of wealth and of skills to build wealth and to maintain wealth is a problem that affects all of us and affects the macroeconomy. Because if we have large portions of our working population, large portions of our citizenry that aren't in a position to achieve financial stability, then we cannot operate at full strength as an economy.

So we all have an obligation and we, as folks who work on the policy side of things have an obligation to be aggressive and creative in exploring every new responsible solution that we can.

And I would just like to highlight two things very quickly. The first is in this category of financial capabilities not being a sideline issue, being core to the economic strategy, you know, a lot of people asked the President and asked Secretary Geithner and asked others during the recovery why did you divert away from jobs to focus on passing financial reform. You know, if you had just kept your focus on jobs, then maybe you would have seen a stronger recovery.

Now I don't buy the premise at all but there is a more fundamental answer, which is without real serious reform of the financial system that brought this economy to its knees, we cannot have a sustainable economic recovery. And at the core of financial reform was the creation of the Consumer Financial Protection Bureau. And I really do think that when we look back 20 or 30 years to this time the creation of the CFPB and the willingness of the President and his team and members of Congress to invest in creating this new institution will be one of the most important legacies of this administration. Because now for the first time we have an agency at the federal level whose principal focus is empowering consumers with the information that they need to make informed decisions about their financial lives and their financial future.

And I think that while the CFPB is in its very early stages and it is just up to speed, it is incredibly exciting the work that they are doing and the opportunities that having that institution bring for partnering with what is happening across the country at the state and local level, partnering with private institutions and creating linkages between our existing government programs and this new entity. I think it is an incredibly exciting opportunity and one that is really worth a lot of focus.

The second issue, you know, from the economic side is I think it is really important in this space to hone in on and go with the grain of human behavior. So a lot of what we know in this space is that we are constantly trying things out to try to figure out what works, what information can people actually digest? What is too much information? What is too little information? Is it more effective to deliver something as an app on an iPhone versus monthly emails? All of these things is a constant process. But at the end of the day going with the grain of human behavior presents our most efficient and effective way of actually empowering people to make good choices.

And in that context I would highlight one proposal that we have been pushing from the administration side for some time now and frankly, we need more help and more partners in actually making it a reality, which is to change the default for retirement savings so that people are automatically enrolled into retirement savings, rather than automatically being kept out of the savings. That one basic change we know from the behavioral economics research could increase participation rates four-fold or five-fold from 20, 25 percent to the high 80s in companies where they have made that change. It is such a powerful change and it is intuitive. It makes sense of sort of going with the grain of human behavior that we put things on auto pilot and that can be a very dangerous thing in the financial capabilities spaces but it can also be an incredibly powerful thing as well.

So that is one specific proposal but I think it highlights a broader theme that may be worth some conversation and creative thought about as well.

So with that, I will pause.

MS. EPPERSON: Brian, before I allow the other two panelists to have opening comments and I am going to have some questions for them as well, I have to ask you. In terms of the Consumer Financial Protection Bureau, what actual financial products and services are working right now? I mean we know a lot about the protections that are needed and the reasons behind them. But what is working?

I mean, you talk about the retirement savings default mechanism which of course is definitely needed for many communities and particularly for middle class and beyond. But when you were talking about underserved and unbanked communities, the basic questions that I get all the time in my reporting on the Today Show and other places is they can't even get basic checking down. They can't get basic credit card capabilities and control those. And they are very, very skeptical about what in the marketplace is working, what they should do. Some people would rather drive 30 miles to a bank than they know, rather than do it all online when we know that there could be better safeguards if they were up to speed on doing that.

So what is working in terms of specific financial products and services that you are seeing?

MR. DEESE: Sure. Well with respect to the CFPB let me just state very quickly, I think the two things that are most powerful in the immediate term in terms of what can actually work for typical families, the first is indirect but it is potentially a game changer, which is for the first time we now have an entity that is providing supervisory oversight for precisely those financial institutions that have the most direct interaction with the underbanked and with communities that are less sophisticated in dealing with financial products.

So debt collectors, payday lenders, credit reporting agencies play a huge role in most American families' lives. I mean, credit rating agencies, you know, you probably have a more intimate relationship, usually a relationship of frustration with your credit report and your credit reporting agencies than you do with your bank or any other financial institution. And before the CFPB was in place, there was no oversight. And why that is important is not just because there is cops on the beat, it is also important because you can't empower consumers without information. And the only way to get good and powerful and consistent information is to have a supervisory authority in the institution with the capacity to say we need that data; and by the way if we can get that data we are your supervisor. And without that relationship and without that access to data, you can't effectively providing information around the things that you are talking about.

The second that I would highlight is this Know before You Owe Campaign, which the CFPB launched earlier in 2011 and is rolling out in specific products. And if you look at what they are doing in student loans and mortgages, just to take two examples, what they are really doing is they are trying to invest in the focus grouping and the testing to figure out how to break down these issues to really get people to understand.

And so in advance of this, I was talking to folks over there and reading up on what they have done with their mortgage disclosure form. So they are creating a new, simplified mortgage disclosure form. So if you talk about what would be really tangibly beneficial to someone who doesn't have access to a financial service, a clear two-page mortgage form that actually breaks down the disclosures in terms of what are you going to owe, what does it mean in terms of your interest rate and what does that choice of interest rate actually mean to you in terms of what is going to be coming and going out of your pocket over the next several years.

You know, they are down at the level of testing whether it is more effective to have black borders around a form with gray highlighted sub-borders to draw people's eyes to it. And as mundane as that sounds, getting that kind of thing right is unbelievably important in this space because I think we have serially under invested in these basic questions about how financial consumers consume information.

And so a lot of the problems in this space is not that there isn't enough information, it is that there is too much information and it is too confusing and it is not easily consumable.

And so I think to your question of what is working, I think that that is what is going to work. I think we are seeing some signs of it already but that is the direction that we should be going in.

MS. RUSSELL: And I will just say you know, as you think about underserved communities and when I first came to learn about this issue and start working on this issue, and the issue of the unbanked and underbanked especially in low-income communities, I assumed it was a lack of banking institutions in those communities, which is not necessarily the case. And what we have found is that there is a lack of trust amongst many in these communities. There is a feeling of they don't have enough money to be part of a bank and own a checking or savings account.

And so I think in a lot of ways, it is a changing of culture and a changing of mindset that needs to happen. And when you try to change culture or mindset, you need to do that with trusted messengers. And so I think that we have seen across the country are there are several Bank On programs, as Deputy Secretary Wolin mentioned, but what you have seen in a lot of those Bank On programs is them partnering with faith-based organizations, community-based organizations, so that the communities are hearing this from people they trust. They are hearing it from their pastor who they trust, that you can be part of this banking community.

And my family are immigrants and I am a first-generation American. And a lot of members of my family they use a bank but they also still use community money shares, that are very, very popular back in Jamaica instead of using a savings account to the point where my mother has said why don't you use a money share. It is really great. I am like well, so is a savings account. You know, so it works the same the way.

So it is just changing that culture and mindset that needs to happen and doing it through trusted relationships like faith-based organizations and community-based organizations.

MS. EPPERSON: All right, thank you. I want to turn it over to Peter Franchot because we talk about trust, and I don't know what you want to say for your opening comments, but what I am very interested in hearing from you is how you have convinced residents in the State of Maryland to trust the tax man and how you have used that as way to educate about financial capability. Because that is one place where people never look to first for information and for trust when it comes to their money. So welcome.

MR. FRANCHOT: Well I would emphasize to the people of Maryland that I am responsible for tax refunds.

(Laughter.)

MR. FRANCHOT: But Sharon thank you for that and it is a pleasure to be here. I asked my staff last week to Google this panel and so I would understand who they were. Mayor Johnson had a tremendous record in South Carolina with a lot of our rules. And Sharon, of course is the media so she had a bunch, too. But they came back and said there is nothing, there is nothing on Racquel or Brian. I said that is great, I'm going in to sit on a panel with two people that have nothing on Google. And they said here is our assessment of them: two of the most powerful people in the least famous caucus. And it just, I enjoyed listening to both of their comments, but it just reminded me of what this financial literacy issue needs. It needs some fame. It needs to be brought up to where everybody in obviously my great state but also all around the country recognizes that this is a basic civil right that everybody should have. John Hope Bryant told me it was a silver right, that you have to have financial literacy in order to have control of your finances so that you can be happy, be prosperous, involved.

So I give speeches, hundreds of them around the State of Maryland. How do you do that? I tell my political colleagues there is no issue when I bring it up even close to financial literacy for young people. Any audience, republican, democrat, independent, conservative, or liberal, they break into spontaneous applause when I talk about financial literacy for young people.

And I asked my political people to poll it. No issue on the political agenda is even close to popularity when you poll that issue of financial literacy.

So I appreciate the adult response when I go to high schools for kids that are in elective economics courses. They of course pay attention to what I have to say because that is their bent entrepreneurial activity. But the rest of the 99 percent of the kids when I talk to them generally it is pretty obvious they are thinking about something else. And I often ask them just to get their attention look at the palm of your hand. And if you would just take a look at the palm of your hand, I tell the kids you obviously have unique and permanent fingerprints. You get a bad credit score after you get out of high school, it is easier to change your fingerprints than it is to get rid of that bad credit score. It sticks with you. I am obviously exaggerating a little bit but not much, for those of you who have had this situation. I urged them to take this seriously and that it involves their ability to buy a car, -- they obviously wake up then -- get a job, get a home, et cetera.

I have been advocating the have credit stand-alone graduation requirement course for all high school seniors in Maryland and that is a big priority for me. I happen to think as much as we love all the aspects of financial literacy and education, whatever you come up with ultimately you have to have something in the senior year of high school that is mandatory that your graduation is conditioned on so that everybody, not just that small group of people that like economics, actually have to take this seriously.

Secondly, it has to have a hands-on practical application. Kids have to know how to fill out a car loan. They can't just be interested in what is the monthly payment.

They have to understand the length of the contract, interest rates, and how these impacts them.

And then finally, it has to have the deep involvement of the private sector. In Maryland our junior achievement and other groups, the banking community are enormously involved.

You have those three criteria and that is what I have been advocating in Maryland. There are four states that have a stand-alone graduation requirement. In Maryland it has been held up because of politics and turf and it is not, you know, I guess it is my idea rather than someone else's idea but that is okay. We are now going to all 24 counties in Maryland and saying we want you to adopt this as a graduation requirement for your own county students and forget -- leave the state behind. And I am delighted to report that six jurisdictions have already gone ahead and done it on their own.

(Applause.)

MR. FRANCHOT: Thank you, John.

And this is a big deal because they are doing something that the state Board and others for their own as I said turf and political reasons oppose. So they are going ahead and saying no, we are going to do it. And they are demonstrating that it can be done very efficiently in conjunction with the private sector. I think Carroll County up north of here have eight huge high schools. It cost them a total of $37,000 for all eight schools to implement stand-alone financial education requirement.

So in conclusion, my vision for the state of Maryland is that we have finance academies all around the state. And some people say well make sure the legislature takes the course. I am only kidding. Today is the last day of the session down there.

But I want to just indicate I am looking forward to the interaction and I am going to salute John Hope Bryant again because I am stealing many of his lines. And John Rogers is not here but is an old friend -- Oh, there he is. Great. And Assistant Secretary Melissa Koide, congratulations on your new appointment.

And to all of you that are involved in this issue, help is on the way. We are going to have a new consciousness. And the beauty of it is that it brings all of us together, liberals, conservatives, rich, poor, democrats, republicans, independents, all of us can combine around this issue of financial literacy.

So thank you for letting me participate.

MS. EPPERSON: Thank you, Peter. I think help is here and it is here in the form of Otis Johnson. Because what you have done with Step Up Savannah is something that I think we can learn a lot from.

So I am anxious to hear your

comments about that. And you know me, I will have a lot of questions for you, too.

MAYOR JOHNSON: Thank you very much. I want to thank you for giving me this opportunity to be here today. And I want to just take one aside before I get to a more formal presentation.

I am 70 years old. And I went to the public schools in Chatham County, Savannah, Georgia. And in elementary school they taught us how to write checks. They taught us the importance of savings accounts, families, before credit cards was a tool engaged in layaways so that when you paid you had to pay on whatever it was you were getting until you paid if off, then you took it home. We had a financial literacy program --

MEMBER HOPE BRYANT: Remember the passbook accounts?

MS. EPPERSON: Yes.

MAYOR JOHNSON: Yes, sir. So we are back now to recognizing the importance of helping young people understand about money; the pluses and negatives of the credit system and all of those kinds of things.

So there is this saying that what goes around comes around. So now we have come around 70 years later, you know, back to talking about getting that kind of stuff in schools. I don't know whether it was formal back in those days because I was in the segregated school system and a lot of things that were done then were not done after desegregation but they were preparing us to try to deal intelligently with what we were going to face in that financial system.

Now let me get to Step Up. I couldn't miss that opportunity. I am an old teacher. I am an old teacher and we talk about those teachable moments. One time, I don't know about the other schools, but I know in our school system in Savannah Chatham County we had financial literacy, whether it was formal or informal. We got some of the same principles that we are talking about getting back into the schools today.

Now, I have given each of the members of the Council a brochure and I just want to read just two, well maybe just one paragraph. I have some here that the audience can get if they wish. I don't want to take them back home. But let me begin with what we have said in the opening statement in this brochure. It is not just about money. Poverty is often defined as a lack of consistent income, a regular job. But the inability to save up and pay for assets such as a stable home reliable transportation and higher education keeps families in poverty. Access to services such as public transportation, child care, and healthcare, is critical to the economic self-sufficiency. As a community lowers its rate of poverty, it becomes stronger, further supporting local businesses and bringing opportunity to residents.

This is the way we came into the work that we are doing. We didn't come to it as some humanitarian enterprise. We came to it as an economic development challenge.

The mayor before I became mayor in 2004 created an anti-poverty task force to look at this issue because for 30 years we had had persistent poverty rates of 22 percent or higher. That is a fifth of our population and that has rippling effects throughout the community both social, economic, political, and any other kind of way you want to look at that group of people who were struggling.

In 2005 after I became mayor in 2004, we adopted an action plan which was done to have us approach this issue very systematically. And that is why we have decided to talk about this economic development challenge of this large segment of our community not being fully able to participate in the local economy. So we felt that we had to look at what the political implications are.

And we were very straightforward about it. And we said that on the right there is this fierce understanding, and I am being cynical now, this fierce understanding that if these people would just do what they were supposed to do and exercise some personal responsibility, they wouldn't be poor.

Then on the other extreme of the continuum, you have got the liberals who say it is these institutions that are failing these folks and government needs to be involved and we create safety nets and all the other kind of things to help them in, again being cynical, a more paternalistic way because we know what is right for them. All they have to do is do what we say to do.

So we know that the truth is in the middle somewhere. We have got to talk about having people assume personal responsibility and at the same time, we have got institutions that have a responsibility to aid and help and protect these families who are not doing that very well.

So we coined the name Step Up to say that individuals and families must step up and take responsibility for themselves and do the kinds of things that they need to do, as individuals and families, to lift themselves up. But at the same time, an opportunity structure must be there that must be put into place by these institutions, the government, the private sector, the nonprofit sector, and the faith community must step up and make sure opportunities are there for those who are stepping up on their own.

So that is the way we dealt with these whole ideological camps that entered a discussion about poverty. And you know, we are all poverty warriors so we know we have been through the rhetoric on both sides.

So what we then did was to look at what are the barriers that keep people in poverty. And there are two sets. People make poor life choices, like dropping out of school. That is a poor life choice and it has devastating consequences. Then we live in a region in the South and there are other pockets and other regions around the country that historically have had large numbers of poor people.

Then there is the poor education system that everyone now is talking about. Without an education you are doomed.

And then finally we have got these international forces now where jobs that people used to have low-wage jobs are now overseas.

Then you have got another set of things that are more personal. The lack of access to affordable housing; lack of transportation to where the jobs are; affordable healthcare, and we are in the midst of a real debate about that; dependent care, the absence of it keeps a lot of people from working or it makes them have to leave work or be late for work and then they get fired. And then there is the issue of our staggering number of people incarcerated who eventually come back into our community and must be reintegrated.

So it is not just about money. Money is important. It is the root of all good things but we cannot just focus on money.

And so I am here today to try to bring that perspective from what we have experienced and the way we are approaching this. And when we get the opportunity to talk about our Bank On initiative, which is more, I guess, pertinent to this issue, I will be glad to share what we are trying to do with that particular strategy.

MS. EPPERSON: And that is exactly what I would love for you to talk about right now actually.

MAYOR JOHNSON: All right.

MS. EPPERSON: Because particularly with the budget cuts that we are seeing at state and local governments, how have you been able -- tell us a little bit about that program, how you started it. But what are the partnerships that you were able to develop to make that happen?

MAYOR JOHNSON: We are a part of the Cities for Financial Empowerment. And there was a conference in San Francisco where the City Treasurer Cisneros is sort of leading this charge and we have sort of joined the choir.

And our representatives came back and they told us about this Bank On program that they had created in San Francisco. And is our city manager who is not there any longer but was a progressive thinker, he said you know we need to do this in Savannah. And so he identified a leader in the banking community and brought him over and we had a conversation to recruit him to take the leadership on this issue and he agreed. And we were then able to get ten local banks to come together and now we have a credit union involved to organize Bank On Savannah.

We identified people through the other work that we were doing in Workforce Development and the Center for Working Families and other kinds of initiatives, we identified a lot of people who were not banks. So they became our first targets, people who were already involved with various programs.

And we set a goal of banking 1,000 people a year. And we have now done this since 2009 and every year we are trying to find through our contacts, through our agencies that are collaborating with us, people who do not have a savings account, who do not have a checking account, who are not involved in any kind of financial institution other than those that are negatively impacting them. And so that is how we got together.

We found --

MS. EPPERSON: How did you find your people? How did the 1,000 people find you, find this program?

MAYOR JOHNSON: Through the churches, through the anti-poverty agency there that has a Head Start program, through our agencies that work with the homeless. As they come out of homelessness and get a job, one of the things we are trying to encourage them is to save so that they will have a cushion so that if they get in a tight they won't end up homeless again.

So we looked at where the people are who we know have a high likelihood of being unbanked. And so we targeted those service agencies that are a part of the coalition that we built that makes up Step Up.

Step Up now consists of more than 100 local agencies that have signed on to work with the principles that we have set out through the work that they do. And so they are our eyes and ears. They steer us to the people. And the banks have created free checking accounts. They encourage savings accounts. We have agencies now that are working on IDA accounts. We have 14 different EITC centers that are really running. This is the time for them. And as those refunds come, we are trying to encourage those folks to open a savings account or at least open a checking account. Just don't take the money and go buy a bigger TV.

So that is how we do it.

MS. EPPERSON: I want to talk about the teachable moment of tax time in one second. But I do want to ask you it is in Chatham County right now throughout the county, this Step Up?

MAYOR JOHNSON: It is throughout the county.

MS. EPPERSON: Have other counties adopted it? And if not, what is the state waiting for?

MAYOR JOHNSON: Well, the state has worked with us on our EITC program, on the IDA program. Treasury has been very, very supportive in helping us get the word out. And so we are building the network.

And I can say it. We don't have the most enlightened state legislature.

(Laughter.)

MEMBER HOPE BRYANT: That was not for official attribution.

(Laughter.)

MAYOR JOHNSON: Well, I'm out of office now, so I don't care.

(Laughter.)

MAYOR JOHNSON: But we are getting the word out, and people are curious about, what are you doing in Savannah? So they come and visit us, and they talk to the people who are actually receiving the services. So we are working with other coalitions. We are in a coalition with the National League of Cities. We have used the U.S. Conference of Mayors program.

We are just joining every kind of coalition we can to spread the word and learn.

So we are looking for learning communities, and we don't mind stealing good ideas, and we don't mind sharing if other people think we have good ideas. That's what this collaboration is all about, and we are in the midst of it. And we think it's very valuable. That's why I am so grateful to be able to be here today, and to share some of this material.

MS. EPPERSON: Well, I appreciate it. We appreciate it very much. Peter Franchot, I did ask you initially, and I really do want to hear about this, how tax time is the right time to teach about financial capability, and how you are using your standing as the man who gives out all the refunds to make sure people are saving their money. How is that working in Maryland?

MR. FRANCHOT: Well, tax time is tax time. I'm not going to --

(Laughter.)

MR. FRANCHOT: I just want to go

back quickly, Sharon, to something John Bryant said, where he talked about financial tension in a personal relationship, how it gets in the way of people being happy.

My dad -- we just celebrated his 90th birthday last week, out in Ohio. Forty years ago, he got divorced from my mom. And what was the -- we had plenty of money. We were upper middle class. But what were the battles over? Money. And I remember them to this day. My mom now lives in Georgia. She's going to be 90 in September. I still want to get them back together.

(Laughter.)

MR. FRANCHOT: But we underestimate, much as I support Earned Income Tax Credits, the best anti-poverty tool we have -- and I salute Mayor Johnson on everything that's being done on this issue and Racquel mentioned the particular pressures on poor people. This issue affects everybody. Everybody.

And that's the potency of it from a political standpoint. It hasn't been grabbed yet. Lightning in the bottle right now is lying there for someone to pick up. But I promise you that, if you want to produce happiness and progress in our great country, and you get a little frustrated with all of the different ideologies that go back and forth, focus on this financial literacy. You'll do more good for our country than focusing on any other issue.

And John Bryant, again I salute you for communicating it and picking it up out of the ordinary issues, as people say. When I first talked to my staff about this, they said "Forget it. That's not exciting. People go to sleep when you talk about it."

I said "Well, they don't go to sleep about divorce, alcoholism, violence, personal pain and suffering." And so thank you, John, and I'll shut up for the rest of the thing. I want to hear from everybody else.

MEMBER HOPE BRYANT: So recently, I don't think it's still the case, but I know a year or two ago -- and Ken Wade would know this specifically -- certainly two years ago, half of those in foreclosure never called their lender. It wasn't that the lender gave them a bad answer. They never called. That's shame. That's shame. That's separate from the financial abuse, that's separate from the predatory practices, that's separate from the bad deal they signed up, that's separate from the way they were preyed upon. They didn't call after they were in trouble.

That's shame. That's why I call it financial dignity, and not just financial literacy. And what you just did was banish the shame, by you saying "This is what happened in my family." My mother and father divorced over money. They loved each other, but we lost everything because my dad was too full of pride to admit he didn't understand.

And so we'd make a dollar, we'd spend a dollar fifty. The more money we made, the broker we got. And we lost a gas station, an eight unit apartment building, a nursery, our own home. And they went separate ways, and my brother never went to college because -- he had to go into the military because he couldn't go to private college. It changed everything.

What would happen if we just kept this dialogue going in the public space? And I want to commend you, Mr. Mayor, for what you have said. I'm going to get a radio network to make a multimillion dollar commitment to promote Earned Income Tax Credit for the next season in a way that is relatable to people, because it is, you're right, the best anti-poverty tool we've got, and it's embarrassing that one out of four people who qualify for it don't ask for it. Thank you, Sharon.

MAYOR JOHNSON: The thing about it is, people who would oppose it are a lot of the folks who benefit from it. Because poor people spend their money. And who are they spending the money with? With some of the same people that would wipe it away. And so we've got to have strong leadership at all of the levels: at the federal level, the state level, at the local level, saying that this is good for the economy.

Get past this ideological argument about whether or not folks deserve it or not. It's almost like a delayed investment, because you get taxed on all of that stuff when you buy it. It helps jobs. It helps people who are working in those stores keep their jobs. So it really -- and that's why I said, we have tried to approach it as an economic development issue. And when you do it like that, and talk about dollars and cents rather than doing what's right for poor people, it has a different audience and people are willing to step up.

Like that banker, once he was

convinced that it would not hurt his bank to be a part of Bank On, he signed up. And once he signed up, his peer group that respects him began to have a different opinion about serving these unbanked people, who they at first thought would be a burden and trouble for them to deal with.

MS. EPPERSON: Let's talk about when you can shine a light on this issue of financial capability. And April, being financial literacy month, would seem to be one time that we could do it. But most people want to know what they can do when they actually have some money to do something with, perhaps. That would be tax time, if they are fortunate enough to get a tax refund.

Brian and Racquel, is there anything that you are seeing specifically that you think is working, or that you think is in proposal stages, to bring to light this issue right now, around this topic, around tax time, that is working in various communities? Or something where they are able to link the importance of saving, the importance of checking, the importance of banking, to this time?

MR. DEESE: I'll just say a couple things, and then, Racquel, you may want to follow this as well. In terms of things that are working, one thing that we know for sure -- and we know this from the data on the EITC -- is that using that opportunity, that moment of opportunity, when people actually receive their refund back, their payment back through the tax system, is a very powerful moment for savings opportunity.

And you know, one of the funny things that we overcame was, in the past, it was very difficult to give people viable options at those moments. So you used to have a system where you would say "Well, you can take your refund, you can take your EITC payment, and you could put all of it into an IRA, or you can take it all in a check."

Well, that's not a realistic choice for most people.

You know, there are very few people who, when given that choice, are going to be in a position to say "Well, I'm going to save all of it." And as a result, programs like that can, on their face, look like they have very low success rates, but that's not because people aren't moved by the opportunity to save. It's because you're not putting the right tools in front of people, tools that they can use.

So part of it is recognizing the moment, the other part is meeting people where they are and giving them the flexibility to actually get in on an on-ramp to savings. But also, we are at tax time, and I will just, in continuing the pile-on for the EITC, I would note that one of the first people who stated very publicly, in a high-profile way, that it was the best anti-poverty tool we have was President Reagan. So this is not historically a partisan issue, and in fact it's historically one of the most bipartisan issues that we have.

And we have to do more to make sure that we're enforcing the EITC against fraud, to ensure the credibility of this system. But if we put equal effort into expanding to the one in four people who don't even apply that we do to reducing fraud in the program, you would see a real sea change in terms of the power of that tool.

And I wanted to pick up on one thing Mayor Johnson said, which is we have to look for these opportunities all year long, and throughout the whole lifecycle of an individual. Because there actually are lots of opportunities. Tax time is one, and tax time is one where you see very tangibly money in your pocket, in some cases. But every time there is a new interaction with a financial institution or a financial tool is an opportunity.

And so thinking about your description of how you got to your thousand goal sounded like a very practical sitting down and saying "All right. Let's look at every single place where folks have some intersection with government services and government programs. And we need to do the same thing in inventorying the financial tools that people use.

So first-time homeownership, another big opportunity, a big moment where you have people's captive attention and you have people making financial choices that are going to have repercussions.

You know, there are other government services. People are increasingly taking their unemployment insurance benefits through debit cards. That's another moment. That's another opportunity. It's also a big cause of concern in a lot of places, too. So we have to identify all of these moments, and take the urgency you feel around tax time and apply them to these other moments, as well.

MS. EPPERSON: Peter -- or Racquel?

MS. RUSSELL: I agree with everything that Brian said. I think he said it well. The only thing that I would add is that, you know, there are so many government programs that deal with financial literacy. That may not be their core issue, but they deal with it, because everyone recognizes that when you're dealing with anti-poverty programs, or you are a community-based organization, a non-profit, AmeriCorps, the VISTA program, a lot of these programs have financial literacy components.

The program that I mentioned, that is administrated through the Health and Human Services Department, the Assets for Independence, it's an asset-building program. And one of the things they also focus on as part of their financial management services is around EITC counseling and incentivizing, and trying to promote savings of EITC.

So I think one of the things that we see is that there are so many programs that work on this issue. And as Brian said, tax time is clearly a perfect opportunity, when you get your EITC credit and you have that money in hand, to put some in savings, spend some -- because quite frankly, a lot of these families are depending on that money to pay bills. So they may not be able to put all of it in savings, but put a portion of it in savings.

But it's something that we have to do year-round, not just at tax season.

MS. EPPERSON: Peter?

MR. FRANCHOT: Well in Maryland, we now -- this is the first year where any kind of refund you get, or EITC payment, can be split, if it's being deposited in your accounts, between checking and savings. And it's a little tiny step, but for those of you that want to do something in the non-tax season -- and I know you all have different priorities, and I appreciate and respect those.

But this issue of stand-alone course requirements for young people, combined with these finance academies -- there's one just ten or 12 miles from here, in Fairfax County, that -- if you have a chance, go out and visit it. This is the future, where this one finance academy, 35-40,000 8th Graders this year are going to be cycled through for a one-day or one-week program. In practical terms, they're going to understand.

Now, is that going to be a panacea? No. But does it get to a lot of people? And I emphasize here, it's not just a certain sector. Everybody needs this. And if you want to work with us, you can go to MarylandTaxes.com, I have a website. It's my official Comptroller site. We have a big icon up there about financial literacy, and we'd be delighted to help anybody in any other state.

I mentioned the six counties that

have gone ahead and done it on their own. There are another six that are standing there, waiting to do it, because it's such a success that kids go home and teach their parents. They talk budgets to their parents.

MS. EPPERSON: That's the best part.

MR. FRANCHOT: So anyway, there's a lot of hope down there in the future, and if you want to connect with us in Maryland, feel free through the website. And anything we can do to be helpful -- I know that President Obama and the Treasury and everybody is very plugged into this, and obviously you all are, from your Committee participation. I just want to thank you on behalf of the public for the time you put into this.

MS. EPPERSON: I don't want to monopolize the questions from the Council Members, because I know that many have questions, but I do want to present one question to the panel that we got from email, someone who emailed into the Council and wanted to know this.

And I'm here from CNBC. Of course, you're preaching to the choir with someone here, but this person asked a very important question. "TV is such a powerful medium which influences people, the way they perceive themselves, this financial dignity issue. People often compare themselves, not to their neighbors, but to characters in television programs, many of whom have large houses and don't seem to hold down a job."

(Laughter.)

MS. EPPERSON: I just watched a series of Real Housewives of Atlanta. I was stunned. Anyway. "So many of the financial messages on TV are not realistic. So how can we harness the power of TV to disseminate messages of responsible and financial behavior?"

So, other than having Money Milestone commercials in between every episode of Real Housewives of Atlanta, how can we do this? And what are you all thinking about, perhaps from the administration point of view? What are you thinking about in your communities in terms of how to counterbalance these media messages?

Where can I start? Racquel?

MS. RUSSELL: Yes, I'll start. I think that this goes back to what I was saying earlier about a culture change, and I think that, of course, policies -- which is what Brian and I do. We work on policy. Policies are great, programs are great, but this is truly about a culture change, and it's about people speaking the truth. And it's about having champions for this issue who are speaking that truth.

It's one of the reasons why I myself, just personally, spend as much time as I can going and speaking to classrooms of young, low-income youth, to talk about my experiences, to show where I am, but where I came from. To say that, you know, I had a credit card debt that was through the sky when I graduated college, because I never learned how to manage my credit cards properly, and things of that nature.

I think that's the important key, is for folks who have the ability, or have the opportunity, to speak to the multitudes, to speak the truth of this issue. And that's from mayors, and the good work that Mayor Johnson has done in Savannah, and mayors across this country, that they're doing. It's through the President's Advisory Council on Financial Capability. It's this kind of work that's going to change the culture.

At the end of the day, you know, does that match up to reality TV? Maybe not as much as we'd like. But it's a start.

CHAIRMAN ROGERS: Racquel, I maybe had a question on that. It's interesting you mention going out and speaking with people, becoming a role model. And we've talked about families, and how important it is to develop trust in financial services. So one of the questions is, what could be done to create more real opportunities for people of color to have successful financial services careers? Because then they would be role models, they'd be able to talk to young people about how to save and invest more successfully, because they've done it.

And as we know, unlike the diversity that we see here, that our President and our Administration's responsible for, we know that most corporations, when you get the executive committee, maybe you have one woman, one person of color. And most financial services companies don't have the kind of diversity that we see here, and I think that's a part of the issue and a part of the problem. So what can we do to help move that ball down the field?

MS. RUSSELL: That's a good question, and Brian may have some thoughts on this too. I know he works closely with a lot of those sectors. But I think this goes back to -- one, it's people like you, John, who is a leader in that field and someone who is a role model for so many young Americans. But I think it really is highlighting those role models, and providing the educational opportunities.

And not just providing the educational opportunities to go to college, community college, whatever the case may be, but opening up folks eyes to other issues, and other educational programs like science, technology, engineering, math -- we always talk about STEM research, but I think financial sector jobs also fall into that place, financial services jobs.

And so it's really just shedding light, and showing the opportunity of that. I think that one of the things that came to my mind as you were talking, John, was a program or initiative that the White House is doing, Summer Jobs Plus. And it's an initiative that the President started at the beginning of this year for youth, for summer jobs. It's actually is a program based off of the Recovery Act, and a successful program that we had through the Recovery Act, where we provided summer jobs to low-income youth.

This year, in addition to providing summer jobs to low-income youth and using our leveraging power to do public-private partnerships and get companies to participate and provide summer jobs, we also have this "plus" piece, which is mentoring. It's job shadow days. And it's really opening up low-income youth's eyes to various opportunities they have.

We have a couple of financial sector companies that are participating, but I think it's those kind of things that would really help.

MEMBER JACKSON: Actually, what I want to say -- Sharon, for CNBC, here's a reality show idea. How about we have John Rogers on an reality show called The Advisor. And so that sheds light on this issue. Throw that around.

MR. FRANCHOT: Could I just comment on that? Because in Maryland, when I became comptroller, I was -- I am Vice Chair of the retirement system. That's a 40 billion dollar fund for our public employees. And at the first meeting, I said "How many of our money managers," who we pay money to, to invest our money, "are women or people of color?"

And they said "Well, we have 52, but they all look exactly like you, Mr. Comptroller. And they all went to schools that you went to." And so we initiated -- it took about a year, two years -- something called the Terra Maria Program, which currently has kept the 52 original incumbents, but we've added 85 women and minority money managers. And we are investing over 3 billion dollars with them. And I'm delighted to report, they're knocking the socks off the guys that were there, who are very talented, many of them from Baltimore finance companies.

But you know, we need fresh talent. And you can do it in your own states, your own communities. Everybody's got public funds that are -- nobody ever comes to our meetings, but they're there, and they're terrific avenues, as you know, John, for bringing in new, fresh, wonderful, professional experts.

So a lot of them are -- there's a lot out there, if you guys can help us pitch in. I'm not sure what states you come from, but boy, that's an area where you could make a big difference. And of course, the first response was, "Oh, we've tried to find women and money managers who are of color. We just can't find them. And you have a fiduciary responsibility, Mr. Comptroller, not to politicize the process."

Well, thank you very much, but the state and the taxpayers and the members of the pension group have benefitted greatly from this new group of people coming in.

MS. EPPERSON: Amy, do you have a question?

VICE CHAIR ROSEN: I do.

MAYOR JOHNSON: May I make a statement on this topic?

VICE CHAIR ROSEN: Sure.

MAYOR JOHNSON: When we started Bank On Savannah -- we have two minority financial institutions in Savannah, and all the rest are mainstream institutions. When we created this coalition, we had a committee and, of course, two representatives and that was all you could see. But when we went into the community, it was an affirmative action moment. Because in those majority banks, they had primarily female officers, African-Americans, that they sent out as representatives of those institutions.

That dealt with the trust issue. It dealt with "somebody who looks like me in the place where you want me to go." I mean, it had a major, major impact on selling this to the unbanked. So again, leadership at the local level, and strategy, understanding your local community and the dynamics there are very important.

So these banks, for whatever reasons -- and I always want to give them the benefit of the doubt -- had minorities that they then engaged in reaching out to people that they wanted to come into those banks. And it helped.

MS. EPPERSON: One question, and then I'll -- oh.

VICE CHAIR ROSEN: I'll be quick. Brian, you talked about the behavioral economic research agenda, and what works and what is actually proven. And as the Mayor and the Comptroller referred to, there are a ton of programs out there. And some, we know from our own experiences, have had huge impacts on individuals. But there's really a dearth of good-quality research on what actually shows outcomes and what doesn't show behavior.

So both in the name of trying to move the agenda forward and really earning our rightful place in American schools to talk about money, as well as actually impacting in the long run, I'm just curious, since you've spent a long time at it, how we can, as a youth subcommittee, a research committee, et cetera, drive some third-party, independent, really high-quality behavioral research around this issue?

MR. DEESE: Well, I think it's an important question, because it is an area where the research that exists is often powerful and quite persuasive, but overall there is -- it's an understudied area. You know, I think that there is some role for the federal government here, particularly as a distributor of information.

And so one of the things that both the CFPB and the new Office of Financial Research here at Treasury -- one of the things that they have in their mandate is better distribution of data to the research community, allowing broadly available access to data. And that is, for the academic research community, one of the big gripes that you always hear, is that it's hard to get these studies right when you don't have access to the data.

So I think that we can do better on that front, but I also think that this goes hand in hand with the statement that Mr. Franchot started with about needing high-profile role models, is raising the profile of this issue is important for the research community as well. Because the behavioral economics research around 401(k) participation really got a lot of attention because people got access to really good data. It was actually a public-private partnership with a couple of the tax preparer firms that actually allowed them to get this data.

But you know, we need to create an environment where there's more incentive for researchers to see that, if they are pushing the envelope in this space, then there'll be a captive audience for the information. And so this goes back to the financial media industry as well, that more of a demand pull will help from the research side as well.

CHAIRMAN ROGERS: I think we only have time for -- there's one last quick question from there, and then -- because we really have to get back on schedule. Sorry.

MEMBER KOBLINER: I'm going to ask my question quickly, because I want to cede my time to Mayor Johnson. Because I was thoroughly charmed and educated by him, so thank you.

I just wanted to quickly follow up on Amy's question. How do you reconcile the tension between this very worthwhile need to obviously have research-based data and behavioral economics, and does it change behavior -- do these things we're teaching kids change behavior, versus teaching children in school?

I mean, like Ted started out, would we track a third grader whether he or she opens a bank account? So I just wanted you to speak to that, maybe Racquel and Brian in particular.

MEMBER HOPE BRYANT: And by the way, Mr. Chairman, this is not a federal council meeting. It's church, what you've got going on here.

(Laughter.)

MR. DEESE: Look, I think -- I guess, my point of view is that it's important to look at proving concept in a serious and rigorous way at every level of intervention, so it's vital that we think about the educational pipeline on financial capability, starting as early as education starts. But I also think that we have to be creative and rigorous about studying and testing those programs, and proving that those interventions actually do help.

Because look, the reality is that, if we can't make a credible case, with data and facts, that this is worth investment of time and energy and resources, then we're not going to sustain this effort over the long term. That's on the one hand.

The big "on the other hand" is that there is a serious good cholesterol/bad cholesterol problem in the research community around proving the efficacy of these types of programs. And longitudinal studies, and studies that are trying to disentangle the impact of somebody's financial capabilities connected back to education programs are hard, and we cannot let the challenge implicit in tracking those types of things be used as a tool to undermine the broader effort as well.

And so we have seen, whether it's

in Head Start, or the EITC, or otherwise -- we've seen lots of research efforts that have actually been sort of thinly-veiled efforts by those who are ideologically opposed to the program to try to put up barriers to success. So I think we have to get the research piece right. I think it has to be part of it, and we can't say "You know, look, there's just some pieces of this where we're going to set it aside."

But to go back to the EITC example I raised, if you find that an all-or-nothing offer to somebody of whether they want to save their retirement check or they want to spend their retirement check isn't getting people to save, that is not a solid research finding undermining financial capability. It's that you got the program wrong.

And you know, we have to be sophisticated enough to disentangle those types, and not let research be used to undermine broader common-sense efforts in this space.

MR. FRANCHOT: Could I just say something quickly on that? Because the big battle in Maryland, of course, is not over whether you like financial literacy. It's between the institutions saying "Oh, we're going to do it our way, so we're embedding it in the third grade curriculum, the sixth grade curriculum, the ninth grade curriculum, and the twelfth grade curriculum. Mr. Comptroller, go away, because we're taking care of it."

Well, A) it's very expensive. B) the research that I've seen shows that it's largely ineffective, compared to something in the twelfth grade where you have a real half-credit course that you have to pass to get your high school degree. That makes people serious. And all you have to do is head over to Virginia to see the impact, but I want to make sure that you folks out there -- because it's kind of a subtle, nuanced difference --

that you understand that the research that I quote -- nobody's disputed me yet when I say it came out of Treasury, so I hope it did --

(Laughter.)

MR. FRANCHOT: Shows that the embedded programs are nice ideas, I'm not opposed to them, but they're expensive and they don't work for what you and I all want our young people to be armed with. So go for this requirement, whatever it might be, please, in your local states and communities.

MS. EPPERSON: Otis, do you want to give the concluding remarks, please?

MAYOR JOHNSON: Yes. I think that we have to find a way to educate our children about handling finances. It is as important as this issue of obesity, and other things that are now the flavor of the year, or whatever.

But this has tremendous implications for our future, and what we are up against is a consumerism that makes people want to spend, to buy, to go beyond their means, and here we are over here struggling, saying "You ought to be prudent in your decision-making." So there is a cultural clash, and the strategies of moving forward must recognize and respect this clash, because -- what's the thing that does all that? The advertising folks, what street is that?

MS. EPPERSON: Madison Avenue?

MAYOR JOHNSON: Madison Avenue has figured it out, and the behavioral economists are coming around now, trying to help us really disaggregate this stuff and make more sense of it. But I just want to raise the importance of it, because it is a real threat to our financial going forward.

MS. EPPERSON: Thank you very much. And thank you for allowing me to moderate this discussion. John?

(Applause.)

CHAIRMAN ROGERS: I'd like to first just quickly thank Sharon. Sharon, I'd like to thank you for all the hard work and effort in preparing for this panel. Thank you, Sharon. I'd like to thank all the panel members for all the great dialogue and discussion. You can tell people would have really gone on and on, because it was getting more and more interesting. So again, thank you.

I know we have a 12:30 time limit, so I'll have to ask all of us to make sure we're cognizant of the time as we flow through the rest of the agenda, and I'll turn it back to Melissa to lead that conversation.

MS. KOIDE: Thanks, everybody. So you will bear with me too, this is my first time leading you all through this, but I wanted to turn back to Ted, because we were having a conversation about the Roths at birth, and we were going to have some conversation and then potentially take a vote.

MEMBER BECK: Actually, there's two things I think we need to do. First of all, I think it's important that we recognize Ray Boshara, who is the senior advisor to the St. Louis Fed, who did a lot of the underlying research for the paper and actually co-authored the paper that the recommendation is based on. His work has always been very strong, especially in child accounts, and he had great insights into where the recommendation comes from.

I think at this stage, if I could ask Amy as Chair to ask the Committee members to vote on the new wording, and then we can proceed to the broader Council.

VICE CHAIR ROSEN: Terrific. So I think that we're ready to entertain a motion.

MEMBER BECK: Yes.

MEMBER JACKSON: Motion.

VICE CHAIR ROSEN: Samuel, yes. Do we have a second?

MEMBER KOBLINER: Second.

VICE CHAIR ROSEN: Thank you. Discussion?

MEMBER KETCHUM: Yes, Amy. Just one question. With the new wording, that notes it should be "within the context of sound tax, retirement, and budget policies, in order to promote the purpose, in a cost-effective, equitable, efficient, and otherwise appropriate manner, in accordance with those policies," I guess I think this is a very sound idea, and I'm willing to vote on it today.

I guess my question is, that's a lot of modifiers. And I know, among other things, the paper tries to address some. I wonder whether either there should be some effort here to -- obviously many of these questions, especially with respect to sound budget, is questions that only the administration can reach.

But I wonder whether some additional context from the paper might be put in here, or whether we should wait until the next meeting in order for the Committee to have some time to at least provide prima facie response to the variety of things here. Because it seems to me that a recommendation that says "We think this should go forward unless somebody can come up with some reason besides "inefficient" or "a bad idea" is a little weak, and I wonder whether we could either take the time to embed some of the very good thinking that's already in place, or whether it needs some more discussion.

VICE CHAIR ROSEN: I'm going to defer to Ted, but my initial reaction is that the reason we wanted to move this forward quickly despite the fact that, up until the very last minute, we had to work over the weekend, and the language, et cetera, was to get the conversation started.

We think that there's a very sound idea here. We didn't have a lot of time to introduce it to the administration, and we want the administration to take it seriously, to evaluate it. So my instinct would be to go ahead with the recommendation. We could certainly do another recommendation, farther down the line, and be very active participants in the review. Ted?

MEMBER BECK: I think there's two things to maybe consider here. One is the recommendation is that the Treasury start to review the concept, and that as a portion of that review, that these are things that they would be considering, which is basically scoring the program, which is the wording that they have in detail here.

So I think going back to -- the primary basis of the recommendation is that Treasury be tasked with starting to do this work, and reporting back to this Council. I think it's a very timely thing to do. So while I appreciate your legal review -- and it's always nice to have a lawyer on the Committee -- I think we should go forward, because it allows Treasury to begin that work and start to answer some of those questions, rather than us trying to redefine them for them.

VICE CHAIR ROSEN: Yes, and I do think that there's a lot of expertise within the members of this panel that could actively participate in that, and we could come and bring it forward.

So, any other comments? Questions?

(No response.)

VICE CHAIR ROSEN: So, Mr. Chairman?

MEMBER BECK: The Subcommittee would vote first, and then --

VICE CHAIR ROSEN: No, no. I think he was going to call the vote. Okay, all in favor?

(Chorus of ayes.)

VICE CHAIR ROSEN: Any opposed?

(No response.)

VICE CHAIR ROSEN: Motion carries. Thank you, Mr. Chairman. That really ends our report, other than to say we particularly appreciate your commitment to really trying to change the lives of children around the work of the Youth Subcommittee. So thank you for your active participation on this.

CHAIRMAN ROGERS: Well, thank you. I know we have more work to do.

VICE CHAIR ROSEN: Yes.

CHAIRMAN ROGERS: And are you going to talk about tomorrow at all, or is one of the other subcommittee chairs going to?

VICE CHAIR ROSEN: I'm not sure. If nobody else is, I'm always willing to do it.

So, the members of the Panel have been invited to, in honor of celebrating -- National Financial Literacy Month?

CHAIRMAN ROGERS: Capability.

VICE CHAIR ROSEN: Capability Month, excuse me.

CHAIRMAN ROGERS: No, both.

VICE CHAIR ROSEN: Both? Dignity,

everything else? We have been invited to ring the bell of the opening for the New York Stock Exchange tomorrow, and a number of us are going to participate in that, including the Chairman. And also have some of the -- the Youth Subcommittee is going to have a conversation, really, about -- at the Exchange, take an opportunity to really look, meet, and talk about how we want to move our work forward.

CHAIRMAN ROGERS: And the Chancellor is --

VICE CHAIR ROSEN: We have invited a number of people, and we hope to meet with the Chancellor of the New York City School System, the biggest school system in America, and really talk about ideas to move forward about educating young people around these important issues.

CHAIRMAN ROGERS: Thank you.

MS. KOIDE: Great. And Rick, should we turn to you to hear an update about the Partnership Subcommittee?

MEMBER KETCHUM: Sure. Thanks, Melissa. And let me note, I'm pinch-hitting here, in place of the Chair, Carrie Schwab-Pomerantz, who's out of the country this week with her family. And I'm sure I will not meet her articulateness or enthusiasm, which is legend, but let me take a shot.

I'd like to just briefly up-to-date you on three major initiatives that the Subcommittee's been working on. First, as the Committee knows, during the January meeting, the Full Council approved the Subcommittee's recommendation on improving financial capability for federal employees, and we're pleased to report that important steps have been taken since then with respect to key elements of the recommendation.

Through the great work of Ray Kirk, who's been a terrific partner for more than a year now, the Office of Personnel Management will be building a centralized repository of resources drawn from the many federal agencies that are doing work on financial capability. These resources will foster better interagency sharing of information and expertise, allowing benefits leaders at all agencies to create better financial capability programs within their agency.

Second, not to front-run John, but the Subcommittee strongly supports the joint recommendation on creating financially capable communities that is being presented today by John Hope Bryant and the Committee on the Underserved and Community Empowerment. This recommendation, I want to note, is near and dear to Carrie's heart, and I'm very sorry that she can't be here to see it brought before the Full Council.

One thing I did want to highlight is to thank the many organizations and communities that have provided input into the creation of this document. You can see them listed in the back of the report. Officials from more than a dozen cities provided feedback, as did a number of national organizations. It really was a true partnership effort.

Carrie said in her written report for this meeting that she believes this recommendation and this guide for communities will be one of the lasting legacies of this Council. She'd like to see 50 to 100 communities create councils in the next year, so John, needless to say, you and the rest of your Subcommittee will have a real challenge in front of you.

Finally, I want to take a minute to look forward. The Subcommittee is also working on developing a financial capability initiative for workplaces of all sizes, in both private and non-profit sectors. We hope to have that ready for full community consideration later this year. The goal is to incite some of the nation's leading employers to serve as role models by providing or agreeing to provide high-quality financial capability programs in the workplace.

We will challenge employers to provide, at a minimum, a set of basic financial programs for their employees, including a combination of benefits, resources, motivation, and communications, and we will encourage employers to track metrics. We will also challenge employers to up their game by adding more advanced features that go beyond the usual health and retirement savings programs.

Ultimately, we want to encourage employers to help their employees be more active managers of their own finances. As with other projects in the partnership subcommittee, we see enormous value from consulting with outside experts. That's what we're doing now. We are running our ideas by numerous employers as we seek to strike the balance between pushing employers to do more for their workers, while also acknowledging that there are limited resources for these kinds of programs. So we look forward to sharing more about this workplace initiative at the next Council meeting.

John, thank you very much.

CHAIRMAN ROGERS: Thank you. Any questions from the Committee? Dialogue?

MEMBER HOPE BRYANT: I have a statement, Mr. Chairman. Carrie -- I actually thought you were going to make the recommendation. I was prepared to defer, but I'll do whatever you and Carrie want. Let me just say, though, this would not have happened, the resource guide in particular would not have happened, if it had not been for Carrie's and your Committee's strong leadership.

No good deed shall go unpunished, and people were plying you with questions more than they were with answers. They had five requests, and no ways to solve it in many cases. But you guys plowed through it, you got it done. And I must say that, assuming this gets approved today, it is a first-class effort, and in her absence I want to commend Carrie Schwab-Pomerantz, but specifically this Committee.

MEMBER KETCHUM: For Carrie, let me thank you, John. I think all the Committee members are very pleased and proud about the recommendation, but mostly the credit really does go with Carrie. And I couldn't agree with you more.

MS. KOIDE: I have a question. Will you be reporting out in terms of the employers that are being approached about using the tool, and what the reaction is from the employers? And also, will you be presenting research and information to them about the value of incorporating a financial capability method into the workplace?

MEMBER KETCHUM: The answer to both of those is yes. As I say, we view it as really an interaction with those employers, but it is an effort to basically identify specific steps that really suggest a substantial financial education program, as well as steps to up their game. And part of that is really completing a full communication and survey with respect to what's out there, and where companies have really succeeded on their own.

So we do expect to bring that back to the Committee, and we look forward to talking with you in the next couple Subcommittee meetings about it.

CHAIRMAN ROGERS: Okay. I think John, did you have any -- I think you still had some more to report on.

MEMBER HOPE BRYANT: I never reported. I talked a lot, but I actually haven't --

CHAIRMAN ROGERS: I wanted to make sure we didn't -- but I also wanted to thank you for putting together the panel, because I know that was a lot of hard work, and I know you worked with Samuel, and so we really appreciate the --

MEMBER HOPE BRYANT: And Treasury. Thank you very much. I was going to say that I'm not normally invisible, but I was today, because I didn't think I was going to make the recommendation, nor did I -- I must apologize to the Council, but the public doesn't know this, but there's not a report actually in the binder from my Committee, because -- you're going to find this shocking -- I thought it was too forward for me to write the report. I thought Treasury was going to do it. So my apologies. Next time I'm a new chairman, I'll make sure to get that done for the next meeting.

Nor can I make announcements of commitments that are pretty exciting, because hopefully they'll be made later this month. So I will make this one recommendation. Let me -- before I do that, let me acknowledge the members of this Committee: Arty Arteaga, Professor Eldar Shafir, who I just call Professor. Great guy. Ken Wade, Sherry Black, Janie Barrera, Samuel Jackson. Our newest member, Carrie Schwab-Pomerantz. Ex Officio Member, Chairman John Rogers. And a friend of the Committee, and maybe he'll become a member, my friend Marc Morial, who just joined the Committee.

As a preamble to the recommendation, let me say that across the street from this building, Mr. Chairman, in the 1800s, was the Freedman's Bank. It was created after the Civil War for the education of freed slaves around financial education, about the empowerment of freed slaves in the areas of money.

It actually failed in the late 1800s for two reasons. It failed because of later legislation that amended the Bank's charter to encourage real estate speculation, of all strange things. It also failed because of massive levels of borrower financial illiteracy.

There were 70,000 depositors of the Freedman's Bank. They were all black. They were all former slaves. And they put their entire faith in that institution. And Frederick Douglass said, and I quote, upon the failure of that bank, that "The failure of the Freedman's Bank did more to put back freed black slaves than another 10 years of slavery."

So what you're doing here, what the President's doing here, and the Secretary of the Treasury, has historical significance. And this subcommittee sits in the humble footprints of that historic events in the late 1800s, as we seek to encourage a movement across this country, at the local level, for local councils.

Let me now state the recommendation, as I have it in front of me. We're recommending that the President of the

United States and the Secretary of the Treasury encourage the creation of councils at the state, local, and tribal level -- thank you, Sherry Black -- to help improve the financial capability of citizens.

Accompanying the recommendation is a resource guide for communities that provides suggestions for how to create a successful council, who should be asked to participate in such a council, how to set achievable goals, first steps that can be taken, and numerous other suggestions for achieving success.

There are other comments that support this recommendation, but this is the recommendation specifically, and I'd like to, at this point, put it forward to the Full Council.

CHAIRMAN ROGERS: Is there a motion?

MEMBER KETCHUM: I move it.

CHAIRMAN ROGERS: Is there a second?

MEMBER HOPE BRYANT: Second.

CHAIRMAN ROGERS: Any conversation, questions?

(No response.)

CHAIRMAN ROGERS: I'm going to call the question, then. All in favor?

(Chorus of ayes.)

CHAIRMAN ROGERS: All opposed?

(No response.)

MEMBER HOPE BRYANT: Mr. Chairman, I think Carrie shares this comment. This is going to be one of the all-time lasting legacies of the President, and this Council, in this nation. Last week, I had the ability to stand with Mayor Gray here in D.C. as he actually operationalized the D.C. Council. He proclaimed it Financial Literacy Month, and Financial Capability Month --

VICE CHAIR ROSEN: And Financial Dignity Month?

MEMBER HOPE BRYANT: And Financial Dignity Month here in the District. And this was very emotional, he actually appointed and swore in 12 members of the council. I mean, so to come from an idea, to have this actually operationalized in the District and have the Mayor swearing in, with much fanfare, 12 members -- and these folks took this very seriously, and are taking it very seriously. It's a big deal.

And to have this happening with mayors and cities across this country will do what we can't do. We cannot be operational. This Council cannot be operational. But the cities can: the Earned Income Tax Credit, the Bank On programs, the EITC, financial literacy in schools, the mortgage and consumer issues: all that stuff can get rolled up and handled on a local level, through these local councils.

We will be in the community, Mr. Chairman, with the Comptroller next month. Hopefully you'll be there to chair it, to join us. The CFPB director, Cordray, will be with me tomorrow morning, here in Anacostia, at the Hope Center.

And finally, I want to commend and thank the focus area leaders on the Subcommittee: Janie Barrera, who is going to be the focus leader for underserved small business development, and working with the Federal Reserve Banks around the country. Sherry Black is the focus leader for -- guess what -- tribal government and native communities. She keeps us all honest and focused in that area, and had a significant impact on this guide.

Focus area leader Samuel Jackson will focus on higher education and minority engagement. Ken Wade will be the focus leader for banking and housing engagement. The word engagement may come off of some of these focus leaders, so please excuse me. Ted Beck will be the focus leader on research. Arty Arteaga is focused on the area of financial access. And Eldar, Professor Eldar Shafir, the

Professor, has yet to state his committed area, but he just got on so we'll cut him a break for a minute. But I think it's fair to say that he'll be a wonderful asset with regard to the academic community.

That concludes my report. I want to thank the National Conference of Black Mayors. They sent a letter out to -- hold on -- 700 mayors across the country, asking them to create local financial dignity councils, financial literacy councils, financial capability councils, in the last two weeks.

CHAIRMAN ROGERS: Okay. Well, thank you. Are there any other questions or thoughts that any of the council members have?

(No response.)

CHAIRMAN ROGERS: Well, I think we had a terrific meeting. We got a lot accomplished. We had a great discussion. So I'd like to again thank you all for all your hard work and service, and look forward to seeing everyone -- oh, and Ted, you have to finish your --

MEMBER BECK: The other committee. Sorry. We'll stay on schedule, don't worry. First of all, I'd like to thank you for the earlier discussion on the importance of research. I will go out with a smile. That was very important and welcomed. For the research and evaluation subcommittee, first of all, we would like to welcome Eldar Shafir, who has joined us, and has already proven great insight and value with his academic background in our work.

Just a few things to highlight. The majority is just to add to the report that's in the book. First of all, we're having excellent cooperation with FLEC, the Financial Literacy Education Commission, on identifying research priorities. That is going quite well.

A second thing that I think is a highlight is the FINRA Investor Education Foundation 2012 National Financial Capability

Study. To report quickly on that, it is on track. The questions for both state and military surveys are being prepared and out for comment in April, and will be distributed in June. So everything is on schedule, and the FINRA team reports excellent cooperation from numerous communities, including governments, regulators, academic, and different educational communities. So, very positive developments there.

And finally, we had a very interesting meeting with a group called the Institute of Educational Sciences, which is part of the Department of Education, and this is the group that sponsors the What Works program. This is a rigorous program that develops and publishes standards around educational commitments and evaluation programs. It trains and certifies reviewers. We were very impressed by what we saw in that meeting, and we are currently analyzing how this might be applied to the financial capability community. So we think there are some great best practices and lessons learned here that we may be able to adopt going forward.

And that's the end of my report.

CHAIRMAN ROGERS: Sorry I forgot about you. Okay, any questions for Ted?

(No response.)

CHAIRMAN ROGERS: Okay. Now, I think we can have a motion to adjourn.

VICE CHAIR ROSEN: So moved.

CHAIRMAN ROGERS: Okay. Meeting adjourned.

(Whereupon, the above-entitled matter concluded at 12:15 p.m.)