

Committee on the Under-served
John Hope Bryant, Chair

Report to President's Advisory Council on Financial Literacy

November 3, 2009 Meeting

Committee Members: John Hope Bryant, Sharon Lechter, The Rev. Dr. Robert V. Lee III, Ignacio Salazar

The Committee on the Under-served made significant progress in developing a robust strategy and implementing initiatives to increase financial literacy among low-wealth individuals and under-served communities. The Committee focused on: increasing access to financial services and financial education; educating youth in low-wealth schools and traditionally minority colleges and universities; promoting volunteerism; recognizing the states and cities active in the financial literacy field and working to increase that number; developing a plan to ensure future best practices in subprime lending; consulting with Federal agencies to enhance their efforts; and, improving collaboration within the private sector to promote financial literacy in such communities. The Committee on the Under-served has also supported the efforts of the Outreach and Youth Committees in overlapping areas of focus.

Community Financial Access Pilot

The Treasury is implementing the Community Financial Access Pilot to increase access to financial services and financial education for underserved individuals, which was endorsed by the Council in 2008. Activities are underway in all eight pilot communities: Philadelphia, St. Louis, Jacksonville, Brownsville, Mississippi, Cowlitz County, Fresno, and Eastern Kentucky. The Treasury Department has made available on its website materials that other communities can use to implement similar initiatives, and Treasury staff are available to share lessons learned from the pilot in various venues. The Treasury will issue a report of the findings of the Pilot in early 2010.

Education in Schools Initiatives

The Committee supported the Youth Committee efforts to promote financial education in all schools for students in grades Kindergarten through 12, and encouraged the use of Money Math and the National Financial Literacy Challenge in low-wealth schools. The Committee also worked closely with the Youth Committee on outreach efforts to implement required college level courses or competency tests in financial literacy.

Model Cities/Model States

This initiative made significant progress by involving the National League of Cities and engaging the US Conference of Mayors and the National Governors Association in the Committee's efforts to encourage governors and state leadership through recognition of financial literacy education and empowerment as a policy priority. Considering the scope of this initiative, the Committee recommends re-focusing on this initiative.

Financial Literacy Volunteer Initiative: Financial Literacy Corps

The Committee worked with the Outreach Committee to establish the Financial Literacy Corps, which was approved by the Council. The Corporation for National and Community Service has now assumed many functions of USA Freedom Corps under the United We Serve function. The Committee recommends that the Council re-promote the volunteer recruitment effort through the new channel.

SBA Office of Entrepreneurship Education

The Committee collaborated with SBA on the establishment of SBA's Office of Entrepreneurship Education (OEE) in 2008. The OEE focuses entrepreneurial development resources to better focus on special markets and critical issues such as financial literacy. For example, OEE leads SBA's outreach to youth entrepreneurs and inner-city businesses. The OEE also uses proven and new technologies to deliver training content to entrepreneurs.

Future of Responsible Sub-prime Mortgage Lending

The Committee approved a report recommending that "financial literacy should be at the very foundation of the future of responsible sub-prime lending." This report has been made public, and has been useful in introducing a substantive and robust policy discussion inside the government and in the mortgage lending market. The Committee will continue to promote fusing financial literacy into the mortgage lending process with the recommendation and best practices made available in the report.

Recommendations

The Committee reiterates recommendations 9 and 10 from the 2008 annual report regarding requiring financial institutions to provide every adult American with access to an electronic, debit card-accessible depository account protected by the Federal Deposit Insurance Corporation or the National Credit Union Administration and providing Federal funding for non-profit organizations working on community-based financial literacy programs and for state and local governments demonstrating leadership in financial education. The Committee also continues to support recommendations made by the Youth and Outreach Committees in the 2008 annual report. Additionally the Committee recommends refocusing on the model states and cities effort.

Other activities

The Committee has co-hosted and participated in a number of outreach events and policy discussions, including roundtables, town hall meetings, and listening sessions around the country. The Committee Chairman has participated in Congressional briefings and is tracking legislation related to financial education.