

From: The Teaching Financial Education Group and Thinking Foundation, Gerald Lauber
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Name: Gerald Lauber
Affiliation: TFE Inc.
Category of Affiliation: Educational
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

Docket No. R-1386 CRA and the Case for Teaching Financial Literacy On behalf of the National Center for Teaching Financial Literacy, we are pleased to submit comments addressing the following CRA topics referred to on the Federal Reserve website located at: http://www.federalreserve.gov/communitydev/cra_hearings.htm

The evolvement of CRA evaluations should provide the impetus for refocusing our nation's priorities for financial literacy education. Today, this epic financial crisis is an opportunity to turn our attention to how, when and what we teach our children about sound financial practices. Access to banking services. How should access to financial services be considered under CRA? What changes would encourage financial institutions to expand access to un-banked and under-banked consumers in a safe and sound manner and to promote affordable, safe transaction and savings accounts? Should the agencies revise CRA to include additional regulatory incentives to provide access to services for historically underserved and distressed areas? Community development. What are the opportunities to better encourage community development loans, investments and services to support projects that have a significant impact on a neighborhood? Should the agencies consider revisions to the Community Development Test or to the definition of community development? How could the rules most effectively balance support for community development organizations of different sizes, varying geographic scope, and in diverse rural and urban communities? How might they balance incentives for meeting local needs as well as the needs of very distressed areas or those with emergency conditions? Financial literacy education needs to be encouraged by regulators to institutions in all areas of the communities they serve, consistent with safe and sound operations. The question is how to expand access to un-banked and under-banked consumers. In order to expand access, we recommend an incentive for CRA activities to include a broader scope of funding to

educational institutions that result in promoting a deep understanding of teaching and learning processes by helping teachers gather, analyze and reflect on learning strategies that support integrated, culturally relevant and thoughtful lessons in financial literacy. Survey data indicates the problems of systemic dysfunction are massive when it comes to direction and leadership for the inclusion of financial literacy into to a district's instructional plans. The Teaching Financial Education group and the Thinking Foundation are working to create a model for teaching financial literacy in our nation's schools that guides and supports teachers rather than mandating unfunded course content. Jeff M. Lacker, President of the Virginia Federal Reserve Bank, also supports efforts to have financial literacy included in the student's course of study. He said, "This is an exciting year for economic and financial education in

Virginia, because, starting with the freshman class of 2010, all high school students will be required to complete an economics and personal finance course to graduate. Here is why I think that's so important: Students make economic and financial decisions everyday. As they mature, these decisions become more complex and more consequential. Economic and financial education gives students the foundational concepts and principles they need to evaluate important choices effectively. A lot rides on a few key decisions in life, such as whether or not to pursue higher education, whether or not to purchase a house and, if so, on what terms, and how to best save for retirement. These decisions can have huge economic consequences for people, so financial and economic literacy is not just 'nice to have.' It is essential in the world we live in today." The delivery of financial literacy education is at the core of the problem! We cite the report of the President's Advisory Council on Financial Literacy, 2008 Annual Report to the President, Executive Summary that stated, "We believe the market turmoil and credit crisis of 2008 underscore the critical need for improved financial literacy in the United States. While there are many causes to the economic problems facing the country, it is undeniable that a lack of financial literacy is a contributing factor. Far too many Americans entered into home and other loan agreements that they did not understand and ultimately could not afford. More broadly, the lack of basic skills such as how to create and maintain a budget, understand credit, or save for the future are preventing millions of Americans from taking advantage of our vibrant economic system. And tens of millions of our citizens are either unbanked or underserved, which leaves them outside the economic mainstream. Addressing these issues is critical to the future of our nation's economy." The Department of the Treasury, in its capacity as Chairperson of the Financial Literacy and Education Commission ('Commission') Federal Registry notice dated 08.26.10 stated, "As part of the development of the new National Strategy, the Commission determined that it is necessary to develop core competencies for consumers and financial education providers. The financial education field lacks a common understanding of what we collectively are trying to achieve, and there is no agreement on the appropriate basic content for financial literacy and education. The notice continued to state, "Core Competencies Subcommittee, identified five core concept areas: (1) Earning, (2) spending, (3) saving, (4) borrowing, and (5) protecting against risk, as well as specific core competencies for each area. The goal of the Core Competencies is to define what consumers should know and be able to do to successfully understand and make informed decisions about their personal finances." Therefore, we stress that financial literacy education is indeed a most critical

subject that must permeate into the classroom helped by the inclusion of expandable CRA support for teacher training especially in underserved areas. Community development must include financial literacy preparation of students

and helping the financial health of our families, communities, and nation! It has become increasingly evident that nations around the globe are still in the grip of the worst economic free fall since the Great Depression. Crisis, as we know from past history, also provides opportunity. For decades, our education system has failed to systemically equip Americans with basic financial knowledge and thinking strategies needed to insure that we have educated consumers of financial products. Symptoms of this national dearth of financial literacy are all around us and are reflected in current low savings rates, the mortgage crisis, the debt burden carried by so many Americans, and their increasing sense of fiscal and personal despair. A comprehensive, cogent policy for the promotion of financial literacy instruction is lacking which underscores the immediate need to implement sweeping policy and programmatic changes in financial literacy education. Our nation cannot afford to let another generation slip through the cracks, fall into continued debt and remain uninformed about how money works for the duration of their adult lives! In order to partially resolve this problem the government enlisted the help of banks by promulgating CRA legislations directing banks to invest in educational programs in LMI communities that focus on providing information about finance options. Banks have spent untold millions of dollars across the country without any scientific measure of the outcomes of their investment in financial literacy education. The specific concepts related to financial literacy are part of a body of knowledge that often is never translated into an approach that is readily understandable by its targeted audience. Banks give lots of thought to generating materials but often provided inadequate time and few strategies for the delivery of the information they have generated. The delivery of content is equally as critical as the content itself!

Consideration must be given to a process that transforms reams of information into understandable and useable knowledge. The focus of the teaching financial literacy project is to provide systemic strategies that include the use the latest visual tool learning strategies combined with a culturally relevant systemic approach to integrating financial literacy concepts into mandated course content readily useable by teachers. The lack of a formalized approach to the teaching of financial literacy indicates that far too little has been done to help students systemically learn about the principles of financial literacy, leaving them ill equipped to make financially relevant decisions. In recent years, several states have only scratched the surface of content standards as they move

towards implementing financial literacy programs. Currently, a plethora of worthwhile financial literacy materials already exists. Individual state efforts to revise financial literacy curriculum content represent another cycle of reinventing the wheel without focus on Classroom-learning strategies that are designed to help integrate financial literacy concepts into mandated curriculum. Matt Yale, Deputy Chief of Staff, US Department of Education believes that, "We need to start taking financial education seriously in this country. Our economy is increasingly complex, small mistakes can have major consequences - especially for the poorest Americans, and study after study shows that people don't have the skills they need to make wise financial decisions for themselves and their families. Schools have a major role to play here. Stand-alone high school courses seem to be valuable, and we probably need more of those, but the experts tell us that personal finance concepts could also be

woven into existing curricula much earlier. We can look to other academic subjects to see what has to be in place: shared standards that serve as guideposts for school districts; high-quality teachers who have had appropriate pre-service and in-service training; and rigorous assessment methods that show what's working and what's not, and of course, strong, forward-thinking school

leadership. Some states are ahead of the curve on this - Wisconsin, Oklahoma, Utah, and some others. We're learning a lot from them, and we hope other states will too." Meaningful and long-lasting learning effectively relies on the use of strategies that recognize the importance of thinking skills, real life problem solving development and brain-based learning approaches such as the use of visual tools. The successful use of these strategies is dependent upon a systemic plan that includes the implementation of focused professional development and sustained school-based support. CRA regulated financial institutions need to support educational institutions. Literacy in schools often refers to reading, writing and arithmetic. However, real life learning, as demonstrated by our current economic crisis, reinforces our belief that the teaching of financial literacy should no longer be an option for the children in our nation's schools. Our job is to help teachers integrate financial literacy into existing curriculum, develop thinking strategies and to make learning relevant to the needs of today's students. What are these financial education "tools"? In a traditional fashion, what has been brought to teachers and students are content materials laden with high quality information, but not the decision-making, problem solving and thinking tools for dealing with day-to-day financial decisions. To contend successfully with these challenges is a matter of both professional skill and organizational focus. Without plans for professional development and content that is integrated into the curriculum through material relevant to students, financial literacy will become another educational catch-phrase, and we will lose this opportunity to educate our citizens about how they may best confront choices in their daily lives to position themselves for long term financial security. The greater difficulty comes when trying to modify learning strategies to enable students and teachers the ability to distinguish the skill needed to write a check from the skill needed to determine if the check should be written. To be financially literate, a person needs to know how to decide what to do as well as how to do it. The process of transforming bits of information into coherent and useful knowledge - we call this process "thinking" - is the major focus of effective financial literacy education, or at least it should be. So, just what is "thinking"? Thinking is discerning patterns of information and then making them practical. There are fundamental actions of thinking that we all use every day: describing, comparing, grouping ideas, sequencing, and relating cause and effect. Most often, this is done in our heads; but when learning and working out problems that are difficult for us, we benefit greatly from visual tools to formulate, examine and elaborate ideas. Visual Tools explicitly offer financial decision makers, especially young, novice problem solvers, to see how these frames of reference influence what may seem like simple decisions. Teaching and learning financial literacy concepts, when isolated from the demands teachers face during their instructional day, seem like achievable goals. However, when there is no plan to help teachers integrate financial literacy concepts into the required subject-centered instruction mandated by state standards, financial literacy becomes a low instructional priority. For financial literacy to become part of the regular instructional program, it must be interwoven with required course content and delivered to students by applying the latest brain research, while at the same time making sure that the teaching strategies are relevant to each child's learning ability. Most of the existing programs on financial literacy supported by banks under CRA regulations rely on optional and supplemental material, not materials integrated into the core curricula areas. Some of the programs rely on volunteers who visit periodically to provide students with a yearly dose of information. A reliance on "drive-through" professional development or volunteers providing snippets of information that they hope will influence future student actions do not represent what we've come to learn about

effective teaching and learning strategies. If we are going to make the effort to develop a pool of informed consumers, then we must apply the same strategic planning models we use for the teaching of math, science, social studies and other core subject areas to the teaching of financial literacy. We believe that CRA funds are best

used to support the customization of freestanding materials and delivery methods necessary to integrate content into the existing instructional day. A systemic approach is necessary for students to obtain the sequential and cumulative knowledge of the basic foundations of financial literacy. When students learn to ask questions and think about the reasons why they make money, save money and spend money, they are learning responsible and wise decision-making habits that instill a sense of confidence in their economic futures. We have a blueprint for the integration of financial literacy content into other curricula areas, which focus around a proposal for a project called the National Center for Teaching Financial Literacy. This center will provide teacher training of effective financial literacy learning strategies, including the use of sources and visual tools to teach the basic financial skills needed to create and maintain a budget, to understand credit, loan risk, debt, banking, investments and retirement plans. The Center for Teaching Financial Literacy will focus on helping educators teach the skills and concepts needed for understanding how money works thus aiding students to make the sound financial decisions that are crucial to their economic futures, including decisions about how to finance one of the most important investments they will make in their lives, their advanced education. The National Center for Teaching Financial Literacy will create and conduct teacher training programs that emphasize how to embed financial and economic literacy education into core academic subjects. The Center will teach teachers how to ensure that their students are prepared to make informed financial choices and become responsible workers, heads of households, investors, entrepreneurs, and citizens. The National Center for Teaching Financial Literacy's mission is to model for teachers how to ensure that their students are prepared to make informed financial choices in their lives. The goals of the Center are to: Introduce learning strategies for problem solving that may be applied across content areas. Provide professional development activities that enable teachers to increase student knowledge in consumer, economic and personal financial concepts. Utilize resources and develop financial and economic literacy assessments. Promote a deep understanding of teaching and learning processes by helping teachers gather, analyze and reflect on learning strategies that support integrated, culturally relevant and thoughtful lessons in financial literacy. Create and disseminate proven research-based best practices, models, and approaches for financial literacy education and facilitate teacher access to resources that support them. Produce activities designed to assist community stakeholders to promote financial and economic literacy education. A key goal of the National Center for Teaching Financial Literacy will be to make financial literacy learning "stick." Relevant lessons are necessary to prepare students to be financially literate adults. We are currently working to seek support of banks to garner banks' support for these centers, including government entities and private sector financial organizations. We must accept the fact that teachers will need high-quality professional development opportunities in order to address our nation's financial literacy shortcomings. The centers will provide, develop, document and advance the best teaching practices of financial literacy. Literacy in schools often refers to reading, writing and arithmetic. However, real life learning, as demonstrated by our current economic crisis, reinforces our belief that the teaching of financial literacy should no longer be an option for the children in our nation's schools. Our job is to help

teachers integrate financial literacy into mandated curriculum and to make use of visual tools as a vehicle for helping students process information they

will apply to their daily living. Now is the time to emerge empowering innovative strategies to address the critical issues before us. It is imperative that CRA funding is directed to educators and the general community in the implementation of high-quality financial literacy programs in our nation's schools. Professional development that is both focused and sustained is the only proven vehicle for helping teachers to achieve our nation's goal of building a citizen base of informed consumers who will avoid the excesses that led to our most recent fiscal crisis. Gerald Lauber Ed.D., The Teaching Financial Education Group and Thinking Foundation ww w. TeachingFinancialEducation.com