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James S. Keller
Chief Regulatory Counsel

November 6, 2007

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room, Mailstop 1-5
Washington, DC 20219
regs.comments@occ.treas.gov
Attn.: Docket ID OCC-2007-0012

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Comments@FDIC.gov
Attn.: RIN 3064-AC97

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551
regs.comments@federalreserve.gov
Attn.: Docket No. OP-1290

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
regs.comments@ots.treas.gov
Attn.: ID OTS 2007-030

RE: Community Reinvestment Act; Interagency Questions and
Answers Regarding Community Reinvestment; Notice

Ladies and Gentlemen:

The PNC Financial Services Group, Inc. ("PNC"), and its principal subsidiary bank, PNC Bank, National Association ("PNC Bank NA"), both of Pittsburgh, Pennsylvania, are pleased to respond to the request for comments regarding the revised interagency questions and answers on community reinvestment ("Interagency Questions and Answers") (72 Fed. Reg. 37922 (July 11, 2007)). PNC is one of the largest diversified financial organizations in the United States, with approximately \$131.4 billion in total assets as of September 30, 2007. Its major businesses include retail banking, corporate and institutional banking, asset management, and global fund processing services. PNC Bank NA has branches in the District of Columbia, Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania, and Virginia. PNC also has one other bank subsidiary, PNC Bank, Delaware, Wilmington, Delaware, which has branches in Delaware, and The Yardville National Bank, Yardville, New Jersey, which has branches in New Jersey and Pennsylvania.

PNC would like to thank the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision (together, the "Agencies") for the opportunity to comment on the Interagency Questions and Answers.

The purpose of this letter is to recommend that the Agencies propose an amendment to the CRA regulation or the Interagency Questions and Answers to include in the definition of “community development” programs that promote quality early childhood education in low- and moderate-income (or “LMI”) communities. As discussed below, these programs “promote economic development” or, alternatively, “revitalize and stabilize low- and moderate-income areas.”

Early Childhood Education as an Activity that Promotes Economic Development

There has recently been a significant amount of economic analysis regarding the benefits of providing quality early childhood education to children in low- and moderate-income families. In addition to economists at academic institutions, the Federal Reserve Bank of Minneapolis has been extremely active, playing a significant role in the research in this area.¹ In addition, the Presidents of the Federal Reserve Bank of Richmond and the Federal Reserve Bank of Cleveland have made significant speeches in which they link early childhood education to economic development.² While there is voluminous research that could be cited for the proposition that quality early childhood education is a key driver of economic development,³ the following excerpt from a research paper prepared by economists at the Federal Reserve Bank of Minneapolis provides a summary of the conclusions of much of the research:

“One of the most productive investments that is rarely viewed as economic development is early childhood development (ECD). Several longitudinal ECD studies that are based on a relatively small number of at-risk children from low-income families, demonstrate that the potential return is extraordinary. In a previous essay we found that, based on these studies, the potential annual return from focused, high-quality ECD programs might be as high as 16 percent (inflation adjusted), of which the annual public return is 12 percent (inflation adjusted).⁴

In a speech in February 2007, Federal Reserve Board Chairman Ben Bernanke, summarized this research, stating:

“Although education and the acquisition of skills is a lifelong process, starting early in life is crucial. Recent research—some sponsored by the Federal Reserve

³ See studies cited at website in footnote 1 above.

⁴ A Proposal for Achieving High Returns on Early Childhood Development, by Rob Grunewald and Arthur Rolnick, Federal Reserve Bank of Minneapolis (March 2006), at 2.

Bank of Minneapolis in collaboration with the University of Minnesota—has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency.”⁵

PNC’s Desire to Meet Community Needs

PNC has a long history of meeting credit needs and investing in low- and moderate-income communities via traditional and innovative community and economic development initiatives. In 2003, as one of the largest financial institutions in the country, PNC researched a variety of economic and social issues affecting our country. Once the issues were identified, we wanted to choose a cause that would have a long-term positive impact in the communities in which we operate by utilizing the full force of PNC dollars and human capital.

After extensive research, PNC understood the critical role that early childhood education plays in the ability of low- and moderate-income communities to be successful and sustainable. Moreover, PNC saw that awareness of the issue was low and that access to quality early childhood education was uneven, with a critical lack of capacity in LMI communities. In our desire to cause a long-term benefit to LMI families and communities, allowing them the ability to one day be creditworthy and take advantage of bank products and services, we decided to focus our resources on raising the awareness of the importance of, and encourage funding for, early childhood education. As a result, PNC engaged consultants and partnered with experts in the early childhood education field to develop a multi-faceted program called PNC Grow Up Great.

PNC’s “Grow Up Great Program”

In 2004, PNC initiated “Grow Up Great, a \$100 million, 10-year program for early childhood education/school readiness focused on low- and moderate-income

⁵ Chairman Ben S. Bernanke, “The Level and Distribution of Economic Well-Being,” before the Greater Omaha Chamber of Commerce, Omaha, Nebraska (February 6, 2007). The speech is reprinted at <http://federalreserve.gov/newsevents/speech/Bernanke20070206a.htm>.

communities and individuals. The program has three principal parts: advocacy and awareness, volunteerism by PNC employees, and financial grants. PNC believes that all three aspects of the program are critical to its success. The total annual PNC investment in Grow Up Great has been \$10 million per year.

Advocacy and Awareness

The advocacy and awareness aspect of Grow Up Great has focused on both participating in programs to create greater awareness of the importance and efficacy of quality early childhood programs and a multifaceted communications and media campaign to extend this awareness to parents and communities and providing tools and resources for parents, caregivers and communities. In addition to print and television advertising, PNC has distributed for free over a quarter of a million "Happy, Healthy, Ready for School" kits developed by Sesame Workshop. In Delaware and New Jersey, these kits have been donated to state-funded preschools.

PNC believes that the advocacy and awareness component of Grow Up Great is critical to the success of the program, as it helps to make the target community aware of the critical importance of stimulating children at an early age and that everyday moments can be learning opportunities, as well as helping to enlist community partners in developing and expanding early childhood programs.

Volunteerism

One of the other key aspects of Grow Up Great is the integration of employee volunteerism. PNC employees are eligible to receive 40 hours of paid time-off per year to volunteer for Grow Up Great. PNC has built an internal infrastructure that maintains over 4,000 volunteer opportunities at over 700 qualified non-profit early childhood education centers. Employee volunteer hours are tracked and logged, and to date PNC employees have volunteered over 42,000 hours in service to early childhood education centers (over 90% of the volunteer opportunities are with Head Start). Volunteer opportunities range from assisting teachers in the classroom, painting classrooms and providing technology assistance to providing financial education for LMI parents and staff. Volunteer efforts such as these at early education centers assist the staffs in maintaining quality programs. An employee volunteer is valued at \$17 per hour.

Grants

PNC has awarded more than eight million dollars to Head Start centers, non-profit early childhood organizations, and institutions of higher learning to enhance the quality of early childcare and education for disadvantaged children.

Relationship of the Program to CRA

As the Grow Up Great program has been implemented, PNC has given consideration to the extent to which it may receive CRA credit for the program. To date, the bank regulators have focused on how particular parts of the program fit within the existing CRA framework and the Interagency Questions and Answers. In reviewing the program in the context of the CRA regulation, the Interagency Questions and Answers, and various CRA interpretive letters, PNC has had some success demonstrating how the grant and volunteerism (providing financial education) aspects of the programs constitute “community development” or “revitalize and stabilize low- and moderate-income areas.”

PNC has had much greater difficulty, however, in making the argument that the awareness and marketing aspects of the program should also be eligible for CRA credit, notwithstanding the fact that these aspects of the program are crucial to its overall reach and effectiveness. PNC believes that the interest and willingness of other insured financial institutions to create and support programs similar to that of Grow Up Great could be influenced significantly by the ability of those institutions to obtain full CRA credit for such programs, which are expensive to initiate and to maintain in a manner that supports the high quality programs that have been found to be effective.

PNC recommends that the Agencies propose that creating or supporting multifaceted programs like Grow Up Great that promote and raise the awareness of the importance of quality early education programs, as well as provide financial and volunteer support for quality early childhood education programs for low and moderate income communities be deemed a “community development” activity or, alternatively, an activity that “revitalizes and stabilizes low- and moderate-income areas.” By adopting such a position, the Agencies could give significant impetus to the implementation by insured financial institutions of the types of programs that numerous academic economists, including those within the Federal Reserve System, have determined to be the most effective and productive form of community development.

Conclusion

PNC will continue its commitment to enhance the lives of the children and families in low- and moderate-income communities as a means of hoping to revitalize and stabilize their lives and communities. We encourage the Federal Agencies to join with us in this cause by amending the CRA guidance as stated.

PNC appreciates the opportunity to comment on the Interagency Questions and Answers, and would be pleased to assist the Agencies in addressing the issues raised by this comment. If you have any questions or would like additional information, please do

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not hesitate to contact the undersigned or Eva T. Blum, Senior Vice President, Director of
Community Affairs (412-762-2748).

Sincerely,

A handwritten signature in blue ink, appearing to read "James S. Keller". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James S. Keller

cc: Gary TeKolste
Office of the Comptroller of the Currency

Michael Carroll
Federal Reserve Bank of Cleveland

Eva T. Blum
The PNC Financial Services Group, Inc.