

Financial Literacy and Education Commission (FLEC) Public Meeting
October 13, 2021
2:00 p.m. to 3:30 p.m. E.S.T. (webcast)
Minutes

Louisa Quittman, Director, Financial Security/Education, U.S. Department of the Treasury, called the meeting to order at 2:00 p.m. She introduced Nellie Liang, Under Secretary for Domestic Finance, U.S. Department of the Treasury and designee for Chair of the FLEC, Secretary Janet Yellen.

Under Secretary Liang began by underscoring the importance of financial education to help Americans navigate financial choices and improve financial well-being. She also praised the collaborative effort to provide COVID-19 relief. Next, Under Secretary Liang outlined the need for further collaboration as climate change becomes a more significant risk to the financial security of American families. Under Secretary Liang highlighted the disproportionate impact climate change will have on households that are already financial vulnerable, with lower incomes and fewer assets, and the correlation between certain community features –including minority status, rural areas, and persons who are otherwise vulnerable to transitions in energy and manufacturing- and financial vulnerability. Under Secretary Liang closed her remarks by asking the members of FLEC and other federal agencies, as well as ‘on the ground’ experts, to identify a path forward to equip households and prepare resiliency support for communities at all levels to weather the impacts of climate change. Under Secretary Liang introduced Adair Morse, Deputy Assistant Secretary for Capital Access, to lead the Office of Consumer Policy in leading this effort.

Ms. Quittman then introduced Dave Uejio, representing the Director, Consumer Financial Protection Bureau (CFPB), Vice Chair of the FLEC. Mr. Uejio emphasized the importance to go beyond traditional financial education and to address root causes of financial insecurity and inequity to improve resilience to climate change. Mr. Uejio pointed out the need to support consumers in areas where there is significant risk to equitable recovery of financial well-being, including housing, student loans, and consumer reporting. In closing Mr. Uejio pledged the CFPB’s active engagement in meeting the challenges ahead as the FLEC works to ensure financial well-being for all.

Todd Harper, Chairman, National Credit Union Administration (NCUA), then stressed the need to help consumers through continued financial hardships as many of the programs to support consumers through the COVID-19 pandemic come to an end. Chairman Harper highlighted two NCUA events in the coming weeks: 1) a webinar on the impact of overdraft fees and closed accounts on consumers, and 2) a seminar on closing the homeownership gap. Chairman Harper also indicated that the NCUA already created an internal working group on household resilience to climate change and intends to coordinate on this issue across agencies.

Ms. Quittman then introduced Richard Cordray, Chief Operating Officer, Federal Student Aid (FSA), U.S. Department of Education. Mr. Cordray described the changes being made to streamline the FAFSA ® forms and Public Service Loan Forgiveness (PSLF) program to make it easier for people to complete both processes and therefore make them more accessible. In

January 2021, only about 6,500 people had received PSLF; with the changes announced almost 40,000 people are expected to earn full PSLF by the end of 2021. Mr. Cordray also brought up the work FSA is doing to notify and assist borrowers whose loans have been suspended and will need to begin repayment on January 31, 2022. Mr. Cordray mentioned outreach to borrowers, schools, community groups, and other organizations to make sure that every American is aware of the return to repayment status and no borrower is penalized because they were unaware of the January 31 milestone.

Ms. Quittman then transitioned to the panel on Examples of Effective Financial Education and introduced the moderator Delicia Hand, Deputy Associate Director, Consumer Education and External Affairs, CFPB. Deputy Associate Director Hand spoke to “Five Principles of Effective Financial Education” developed by CFPB and used by the FLEC.

Ms. Hand introduced panelists and asked Dubis Correal, Staff Director, Section of Financial Education CFPB, what the CFPB has learned about the financial well-being of Hispanics from her work and the role of financial education. Ms. Correal explained that [research on financial well-being](#) indicates that Hispanic adults have a financial well-being score that is two points lower than the national average. Further, the CFPB found fewer Hispanics in the highest ranges of financial well-being when compared to the general population. Additionally, CFPB found that there are no differences between the share of Hispanics and the general adult population with scores in the lowest levels of financial well-being. Ms. Correal pointed out that financial inclusion and well-being are positively correlated. She also explained that one of the strongest predictors of financial well-being and effective money management behaviors is confidence. Confidence may provide the sense of empowerment that people need to engage in positive money management behaviors and consequently lead to increased financial well-being. Confidence may also be an outcome of financial well-being itself, as behaviors that yield positive results in people’s financial lives make people feel more confident in their ability to achieve their goals and make a meaningful change in their lives.

Ms. Hand then asked Alicia Lloro, Senior Economist, Federal Reserve Board of Governors about how people fared through the pandemic and if certain groups were more likely to face financial challenges. Dr. Lloro responded that the results of the [Survey of Household Economic Decisionmaking \(SHED\)](#) 2020 survey had three main take-aways – the share of people who said they were ‘worse off financially’ increased from 14% in 2019 to 24% in 2020, about 75% of people said they were doing ‘okay’ financially, and there were growing disparities between those with more and less education and between people who are Black and Hispanic versus White. Dr. Lloro cited that by the end of 2020 nearly 90% of adults with a bachelor’s degree said they were doing at least okay, compared to under half of adults with less than a high school degree. Further, nearly two thirds of Black and Hispanic adults said they were doing at least okay financially compared to 80% of White adults and 84% of Asian adults.

Ms. Hand then introduced Laura Lawrence, Senior Community Affairs Specialist for Financial Education, Federal Deposit Insurance Corporation (FDIC), who presented the FDIC’s [How Money Smart are You?](#). Ms. Lawrence explained that the animated financial education game helps adults and kids alike to build confidence in their financial decisions and support financial inclusion. It presents real-life situations like “what can a person do if they don’t have a drivers’

license but still want to open a bank account?” Ms. Lawrence explained that players learn as much from getting a question right as getting a question wrong and seeing an additional explanation of the scenario.

Barry Wides, Deputy Comptroller, Community Affairs, Office of the Comptroller of the Currency, explained the value of convening experts to share ideas and pilot projects with community representatives through [Project REACH](#) (Round Table for Economic Access and Change). He described some examples including the Alternative Credit Assessment Utility Workstream that is looking to evaluate new models and data sources (such as checking account history) that further include the nearly 50 million Americans who lack traditional credit history. Deputy Comptroller Wides further explained that the Minority Depository Institution (MDI) Workstream has developed a pledge signed by 23 banks to encourage investment in MDIs, offer technical assistance, business opportunities, executive training, and other resources.

Ms. Hand then asked Dr. Lloro about the financial impact climate change may have on people. Dr. Lloro explained that the SHED survey does not currently include questions on climate change, but the Federal Reserve Board is looking to add questions to the 2021 survey about how climate change may impact people’s well-being and expectations about how strongly they feel climate change may impact their future. Adair Morse, Deputy Assistant Secretary for Capital Access, U.S. Department of the Treasury, posed a question about how consumers adapt to a new climate environment and how we think about financial education and household balance sheets as people move across the country or move jobs. Ms. Lawrence shared that there are several scenarios in “How Money Smart Are You?” to help people think about how they may need to change behavior or make a big decision based on a shock. Ms. Correal also shared that putting aside structural barriers, it is more important for consumers to have skills to find reliable sources and convert information into action, as opposed to just knowing facts.

Ms. Hand thanked the panelists and turned the agenda back over to Ms. Quittman, who introduced Deputy Assistant Secretary Morse to share the next steps on FLEC’s agenda to promote climate resilience for households and communities. Deputy Assistant Secretary Morse asked that FLEC members to participate in this analysis to understand what financial resilience to climate risk is, what the pre-existing settings are, and the other support mechanisms are available in communities facing transition. She also underscored that the FLEC, when researching and formulating recommendations, should consider how discrimination impacts community vulnerability and financial resilience.

Deputy Assistant Secretary Morse then outlined five initial goals for the climate resilience agenda:

- Understand financial health of households and communities, including vulnerabilities to physical and transition risk.
- Consider the financial products landscape, and how it does or does not encourage financial resiliency.
- Understand local government, community, and financial architecture landscapes and other support mechanisms for basic needs and financial relief.
- Put together a geography, or mapping, of vulnerabilities and identify fragility.

- Identify what FLEC and others can do with policies, regulations, and local efforts and engagement to improve household financial resilience against the impact of climate change.

In closing, Deputy Assistant Secretary Morse reiterated that all FLEC members and agencies will need to come together with data and expertise to create this landscape analysis and formulate recommendations. There will be asks upcoming and the Office of Consumer Policy will reach out to schedule a brainstorm with members.

Ms. Quittman then emphasized that this is just the start of the conversation and opened the floor to questions. Ali Khawar of the U.S. Department of Labor (DOL), highlighted that DOL is the primary regulator of private sector retirement plans and just released a proposal on how environmental, social, and other factors, including climate change, can be considered by fiduciaries or investors when approaching investments.

Deputy Assistant Secretary Morse also mentioned that the FLEC climate resilience agenda is not intended to replace agencies' separate climate agendas but to coordinate and develop a new product that includes all agencies' data and expertise. Ms. Quittman further emphasized that many agencies may have multiple workstreams and offices that have different pieces of information to contribute to this project, including Treasury. Finally, Ms. Quittman stated that the FLEC would share further information on this topic at its first meeting in 2022.