



Financial Literacy and Education Commission Public Meeting Minutes

May 12, 2020, 9:00-10:15 EDT, Via Webcast

www.yorkcast.com/treasury/events/2020/05/12/flec.

Louisa Quittman, Director, Financial Security/Education, U.S. Department of the Treasury opened the meeting at 9:00 am and took roll. A quorum was determined. Director Quittman introduced the Chair's designee and the Vice Chair.

Serving as the Chair's designee, Assistant Secretary for Management, U.S. Department of the Treasury, David Eisner welcomed the Financial Literacy and Education Commission (FLEC) and the members of the public attending. His remarks addressed the financial response to the coronavirus outbreak, Treasury's role in the response, and the importance of the FLEC. Assistant Secretary Eisner described the Treasury's role in implementing the CARES Act, including transferring Economic Impact Payments to 130 million Americans in less than three weeks. He described the Treasury's work in launching the Paycheck Protection Program with the Small Business Administration (SBA), which resulted in the historic outcome of processing more loans in the first 14 days than the SBA had processed in the previous 14 years. As of May 8, over 4.2 million small businesses in all 50 states plus territories have been approved for payroll assistance totaling over \$520 billion, which is estimated to protect 60 million American jobs by the end of this round of funding. Assistant Secretary Eisner noted that a number of FLEC agencies are contributing to these efforts.

Assistant Secretary Eisner described the role of the FLEC in supporting consumer resilience and recovery, and noted the important steps that have been taken to review, reform, and strengthen the FLEC's focus and structure. Last year, Treasury released a set of recommendations to improve the FLEC that were based on extensive review of the FLEC's activities, research on financial education best practices, and broad stakeholder engagement. The actions taken based on these recommendations include standing up an executive committee and five working groups, and adopting bylaws to document procedures. Assistant Secretary Eisner concluded that the work of the FLEC, as individual agencies, and as a collective, plays a vital role in helping our country and our citizens survive these difficult circumstances and come out stronger.

Vice Chair Consumer Financial Protection (CFPB) Director Kraninger addressed the FLEC. She described the level of complaints that had been received by the CFPB in recent weeks, which in March and April were the highest volume in CFPB history. She noted that largest categories of complaints were credit reporting and debt collections, but for those reporting COVID-19 related complaints were related to mortgages, credit cards, and other debts, and issues consumers encounter when seeking alternative payment options. Director Kraninger described how the complaint system and other stakeholder engagement mechanisms are important in informing the CFPB's work, including supervisory and enforcement activity. She underscored that the CFPB

will not hesitate to take enforcement action against companies or individuals that engage in unfair, deceptive, or abusive acts or practices, or otherwise violate consumer financial law.

Director Kraninger noted that consumer complaints also inform the CFPB's educational work. After discussion with the Department of Housing and Urban Development (HUD) and the Federal Housing Finance Agency (FHFA), the CFPB produced materials to inform consumers that there will not be a lump sum payment after a CARES Act forbearance period if the borrower cannot afford it and supported FHFA and HUD in their efforts to provide clear scripts to servicers for talking with their customers. She encouraged FLEC members and others to use the website www.consumerfinance.gov/coronavirus for information on how consumers can protect their finances during the pandemic. (Note, CFPB has recently launched a mortgage and housing assistance page developed with FHFA, HUD and VA at the website: www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/)

Director Kraninger added that on an April 15, the CFPB and FHFA announced a Borrower Protection Program to share mortgage servicing information. The CFPB is sharing complaint information and analytical tools with FHFA via a secure electronic interface; and FHFA will share data, with appropriate protections, about forbearances, modifications and other loss mitigation initiatives undertaken by Fannie Mae and Freddie Mac.

Director Quittman began the session on the FLEC Response to COVID-19 by summarizing of recent FLEC and Working Group activities. She noted that FLEC staff and Working Groups have been meeting by phone to coordinate and share knowledge and insights. Through the Working Groups, the FLEC coordinates programs, policies, outreach, and other activities in key areas of financial decision-making and thus improves efficiency and outcomes by reducing overlapping activities and sharing expertise. In recent weeks the Working Groups have been reassessing their plans and are considering what activities can be responsive now, activities that will help families on the road to recovery, and what tasks will be important in the future.

- The Basic Financial Capability Working Group, led by CFPB, addresses basic money management and planning skills and actions, including budgeting and savings; managing payment of bills and debts; understanding the appropriate use of credit and how that affects credit scores and credit reports; access to and sound use of financial products and services; and avoiding fraud and scams. The group initially planned to prioritize joint efforts to encourage emergency savings and financial preparedness. Currently it is focused on amplifying and coordinating messages to assist consumers in navigating financial challenges, such as meeting current needs, managing debt, and avoiding frauds. The group will resume activities intended to encourage emergency savings and financial preparedness when the time is right.
- The Retirement Saving and Investor Education Working Group, led by Department of Labor (DOL), focuses on helping Americans plan, save, and invest for retirement and long-term needs, and avoid frauds and scams that can imperil their savings and investments. This area also includes helping Americans understand Social Security benefits and workplace retirement benefits and savings and investing options, including managing in times of volatility. The group is currently assessing the short and longer term priorities in this area,

given the impacts of COVID-19 on retirement saving and investing, for both employers and employees.

- The Housing Counseling Working Group, led by HUD, supports consumers to make sound decisions on homebuying, managing housing expenses, avoiding foreclosure, understanding rights and obligations as renters, and other housing related decisions through greater accessibility and use of quality housing counseling. This Working Group is focusing on determining the areas and populations which can most benefit from housing counseling and innovative ways to meet these needs.
- The Postsecondary Education Working Group, led by Department of Education (ED). This group is focused on helping people plan for and understand the financial decisions associated with higher education. This group has identified opportunities to deploy recommendations in its 2019 report *Best Practices for Financial Literacy and Education at Institutions of Higher Education*.
- The Military Working Group, led by Department of Defense (DoD). The FLEC recognizes the unique status of military servicemembers, veterans, and their families and the critical stakes placed on financial readiness for the nation's defense, as well as the value of financial security for servicemembers returning to civilian life. This Working Group works to attain sustained financial well-being of current and former members of the U.S. Armed Forces and their families so that financial challenges do not distract from the readiness required for the Nation's security and military community members sustain a state of financial well-being, accommodating the unique characteristics of military service.

Jeanne Wilson, Principal Deputy Assistant Secretary, Employee Benefits Security Administration, U.S. Department of Labor summarized activities undertaken by DOL to support workers and employers. This includes providing guidance to states on flexibilities in paying benefits, including expanded Unemployment Insurance for effected workers under the CARES Act. DOL is also implementing actions related to paid leave and extended family and medical leave, including FAQs, rules, compliance assistance, outreach, and answering tens of thousands of calls. DOL is also providing information and has issued relief and guidance, in partnership with other relevant agencies, regarding health and retirement benefits, including in the case of job loss. DOL is also focused on helping workers and employers transition back to work. Resources can be found at the website: www.dol.gov/coronavirus.

Chris Greene, Deputy Chief Operating Officer, Student Experience & Aid Delivery, Federal Student Aid, U.S. Department of Education described implementation of statutory and administrative changes related to federal student loans. Mr. Greene described financial relief available for federal student loan borrowers which include a halt to collections on approximately 40 million borrowers and a stop to interest assessed to borrowers. All borrowers were placed in forbearance until the end of September, including about 25 million borrowers, and 8 million borrowers already in default. Mr. Greene noted collaboration with Treasury regarding offsets and refunds to borrowers, and stopping wage garnishments with 200,000 employers. He referred interested parties to the website: www.StudentAid.gov/coronavirus.

Allen Gutierrez, Associate Administrator, Office of Entrepreneurial Development, U.S. Small Business Administration described three primary resources of the SBA to support small businesses. He described the implementation of the Paycheck Protection Program which provides small businesses and non-profits, veterans' organizations and other entities, with funds to pay up to eight weeks of payroll costs including benefits, among other costs. The loans can be forgiven and payments are deferred for six months. The program is implemented with banks and other lenders, with over 5,000 lenders approved to deliver these loans, including fintech companies. There is funding still available as of this week. He noted that FDIC and other agencies have been helpful in implementing the program and spreading the word, and noted collaborations with the Departments of Agriculture, Commerce and Labor. Mr. Gutierrez indicated that neither the government nor lenders will charge small businesses any fees, and that offers to provide the loan a fee are scams. Mr. Gutierrez described SBA Debt Relief policy, in which SBA will pay six months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans disbursed prior to September 27, 2020. Finally, he described SBA Local Assistance, including 68 regional offices and SBA's resource partners which provide assistance not just in response to COVID-19 but ongoing. These can be found at the website: www.sba.gov/local-assistance. Mr. Gutierrez also highlighted the SBA's website: www.sba.gov/coronavirusrelief.

Danberry Carmon, Associate Deputy Assistant Secretary, Office of Housing Counseling, U.S. Department of Housing and Urban Development described an array of responses that HUD is taking to respond to COVID-19. These include supporting its network of 1,700 Housing Counseling Agencies (HCAs) across the country focused on eviction prevention, foreclosure prevention, reverse mortgages, and moving from homelessness to housing, beginning with understanding personal finances, such as budgeting and understanding credit. HCAs often can provide information on other local resources, such as employment, housing and food assistance, thus are on the front lines of the current crisis. HUD, led by Secretary Carson, plays a unique role at the crossroads of health and economic security. Housing counseling demand has increased, and counseling agencies are mostly providing telephone and internet counseling, and are preparing for further growth in demand, likely larger than that of the housing crisis. HUD is working on expanding capacity to provide more remote and internet counseling. HUD is implementing provisions of the CARES Act that provide forbearance for Federal Housing Administration mortgage borrowers, and prevents eviction of tenants in FHA insured or HUD Multifamily properties. Additionally, HUD is implementing a number of resources related to housing. Mr. Carmon noted programs including: \$2 billion in Community Development Block Grants to meet community and housing, and other needs, \$1 billion in Emergency Solutions Grant Program to assist children in homeless families receive care and housing; Housing Opportunities for Persons With AIDS (HOPWA) Program funding for people with compromised immune systems, Native American programs to support Native American families, and programs through Public and Indian Housing to assist workers and residents of public housing authorities including medical assistance. Assistance also extends to health and residential care facilities He referred interested parties to the website: www.hud.gov/coronavirus.

Jennifer Leach, Associate Director, Division of Consumer and Business Education, Federal Trade Commission (FTC) stated that scams frequently follow headlines, and encouraged FLEC agencies to consider how scammers might do so. She described that FTC takes enforcement

actions as well as provides education. To date, the FTC has received approximately 41,000 complaints related to COVID-19, totaling nearly \$28 million in losses. Travel and vacation, online shopping, and text messaging scams are the most commonly reported. Fraud reports are down overall, however. FTC has also investigated outrageous claims scams, multilevel marketing opportunities, government imposters, among others, and expects to see further scams that derive from financial desperation, such as job and debt relief scams. Ms. Leach described some specific types of scams that FTC has identified. She noted that FTC would like to further collaborate with other agencies on these topics. In addition to enforcement activities, FTC shares resources and articles with partners and local media, provides social media “shareables” and has worked with CFPB, General Services Administration, Treasury and other federal agencies, and is happy to be a resource to other agencies on sharing these resources and developing messaging. Ms. Leach referred to two websites: www.ftc.gov/coronavirus in English and www.ftc.gov/coronavirus/es in Spanish.

Elizabeth Ortiz, Deputy Director of Consumer and Community Affairs, Federal Deposit Insurance Corporation (FDIC) described FDIC’s COVID-19 resources for consumers and banks which have been more popular than anything else on FDIC’s website since the beginning of the year. FDIC has worked to support Treasury’s CARES Act programs, including PPP and Economic Impact Payments (EIP), and works with SBA and other agencies to help community banks access these programs. Resources include information on PPP, developed with SBA, and information on EIP, developed with Treasury. Regarding EIP, Ms. Ortiz highlighted tools to help millions of non-filers and unbanked consumers, who are disproportionately low-income, minority, and households with disabilities find low-fee, no-overdraft bank accounts that can be opened from home and get their money faster through direct deposit. These accounts can be used to receive EIPs quickly and safely. Ms. Ortiz encouraged FLEC agencies and others to share this information, since getting banked will help with long term financial well-being, beyond the EIP. She referred to this website: www.fdic.gov/coronavirus.

Following these presentations, Director Quittman asked members of the FLEC for questions and discussion topics. She noted, given the time, that questions and discussion could also occur in the future via email. There were no questions or comments from FLEC members.

Assistant Secretary Eisner concluded the meeting by thanking the members of the FLEC and the public for participating. He thanked the staffs of Treasury and CFPB for organizing the meeting and Vice Chair Kraninger for her leadership. Assistant Secretary Eisner indicated that Treasury looks forward to convening the next public meeting, and thanked members for their work.

The meeting concluded at 10:15 a.m.

FLEC Member Representatives

- Department of the Treasury
 - Bureau of Consumer Financial Protection
 - Department of Agriculture
 - Department of Defense
 - Department of Education
 - Department of Health and Human Services
 - Department of Housing and Urban Development
 - Department of the Interior
 - Department of Labor
 - Department of Veterans Affairs
 - Board of Governors of the Federal Reserve System
 - Commodity Futures Trading Commission
 - Federal Deposit Insurance Corporation
 - Federal Emergency Management Agency
 - Federal Trade Commission
 - General Services Administration
 - National Credit Union Administration
 - Office of the Comptroller of the Currency
 - Office of Personnel Management
 - Securities and Exchange Commission
 - Small Business Administration
- David Eisner
Kathy Kraninger
Caroline Crocoll
Andrew Cohen
Chris Greene
Aiesha Gurley Parry
Danberry Carmon
Jerry Gidner
Jeanne Wilson
Dr. Kimberly Castillo
Anna Alvarez Boyd
Dan Rutherford
Elizabeth Ortiz
Aaron Levy
Jennifer Leach
Marietta Jelks
Matthew Biliouris
Barry Wides
Patricia Sapol
Lori Schock
Allen Gutierrez

Other Participants

Department of the Treasury

Louisa Quittman