FINANCIAL LITERACY WORK GROUP MEETING MINUTES
August 20, 2008
Highline Community College Board Room, Des Moines, WA

Present:
Lyn Peters, Communications Director, DFI; Jeremy Lushene, DFI; Elizabeth Acosta, DCU; Cathy Brorson, Kitsap CU & CU Youth Development Council; Kristen Mowat, WA Bankers Assoc.; Amy O'Donnell, WSCPA Financial Literacy; Kim Scott, WSCPA Member Services; Dani Small, Tacoma Goodwill Financial Literacy program; Linda Taylor, Urban League; Brian Berghoff, DRS; Cheryl Reed, AARP; Scott Kinney, WaMu; Orlando Cano, State Legislature; Paul Knox, CTED; Fehi Tuivai, CCNW; Dee Taylor, WA State Housing Finance Committee; Pam Whalley, WWU; Paula Mahoney, WaMu; Dana Twight, Seattle Times; Catherine Mele-Hetter, DFI, Cheryl Reed, AARP

Call in: Ty Cordova; CJ Robinson

Absent: Charles Helms; Greer Bacon; Rep. Tomiko-Santos; John Nofsinger; Erica Benson-Hallock; Allan Morrow; Michelle Hardesty; Stacy Augustine; Caleb Perkins; Mary Gould; Linda Jekel; Helen Myrick; Lance Wrzsesinki; Donna Dziak; Dave Sieminski

Call to order: Lyn Peters, Director of Communications, DFI:

Lyn introduced Catherine Mele-Hetter, the Policy and Legislation analyst for the Department of Financial Institutions, as well as another guest, Dana Twight, Seattle Times writer.

Lyn reported speaking with Matt Hornyak about the use of the 211 phone number for providing the public with more financial education resources. He said it seemed doable but would require funding and/or grants, and asked who would be responsible for funds and staff.

Consideration of all sub-committee recommendations will begin. They will also be included in the report due to the Governor. The report, due to be up to 100 pages, will begin being finalized at the next meeting.

Private Sector Report

Kristin Mowat presented for this sub-committee. Discussion of creating/creative funding streams. To mandate or not? Possible use of licensing fees. The pro and con of having FE responsibility reside in the Governor's office or in an agency. Incentives for encouraging businesses/consumers to use savings accounts. Offering low cost 401-K plans to small business owners.

Public posting of trainers should be available. Recruiting private sector experts to train non-profit organizers, teachers, agency personnel and web/phone resource consultants.

State (Agencies, non-education) Report

Dee Taylor presented for this sub-committee. The handout contained ten recommendations which were integrated into the document Lyn had on the screen. Discussion centered around #4, Who would establish/fund/appoint the “advisory council”? Who would the council report to? Where would the staff reside and paid by whom? How or why to integrate into Governor’s office. It was pointed out that the Financial Literacy billed passed last year by both parties. Legislative committees don’t last as long as Governor’s commissions. Permanent placement within a department could transcend the “issue committee” or temporary lifespan. Benefits of having Legislators feedback on which framework to use: commission or Legislative committee. Methods of presenting recommendations to gain most bi-partisan support across districts.

Pennsylvania has a Governor’s panel on Financial Education which resides in the Department of Banking, and seems to be an excellent example of what we could be looking at. The website model used in combination with the 211 phone access, and how to provide FTE resources. The Department of Information Services was mandated to create an education portal, but was never followed through on, so DIS might not be the best place to have the database of information and services reside. The database must be current and be able to provide real-time connections to help. Non-profits won’t pay to post financial education materials, but some type of fee might be charged to providers who want to post on portal.

No. 7 question considered how to measure the “lack of financial literacy” and the affect on WA population. Who suffers? Where are the problems most obvious and can be highlighted in report to legislature. Whether or not the federal or national statistics should be cited, or just collecting and presenting WA data only. The WSU/DFI study done previously, and the possibility of conducting another, less extensive survey/study based on the earlier one. AARP study of senior investors and problems with fraud should be brought up. WaMu recently did a study with the Consumer Federation on use of credit cards. Leslie Lumm has studies done on college students, and information concerning FL provided by employers is available through the “President's Advisory Council on Financial Literacy”.

Members ask, should the recommendations “overreach” or should they be less expansive? Lyn stresses the need for clarity, program precision and concrete actions which can be measureable.

Non-Profit Sector Report

Paul Knox presented for the subcommittee. As to the recommendations and report, the sub-committee prefers ideas from experts, surveys and identified best practices. Believes that including sidebars—examples to illustrate the data. Provide numbers within certain populations facing financial distress; areas of the state most impacted; data showing the looming possibility of increase in numbers across wider income levels (middle class now heading for poverty level). Increase in service needs require non-profit’s to increase grant and funding requests (more people on food stamps, food banks, needing energy assistance.)

DSHS will be looking at a greater number of applicants from formerly higher income families. Need to reset the income or asset holding amounts that affect eligibility for TANF. Some type of allowance for those who complete a FE class and manage to save. They should not be penalized or cut from assistance rolls because they have savings. Pairing FE class with some reward or incentive to those leaving welfare or transitioning into work.

Success in training most reliable when partnered with incentives. Behavioral research studies showed that “losing something was more successful than being offered something”. Matching programs such as Individual Development Accounts work well. SF study showed that monetary incentives must exceed $50, and only work well when follow-up or continuing education is done. Cathy B. pointed out that some credit unions give a lower rate on mortgages to consumers who complete FE class. Sometimes charging for attendance (sign-up fee) and then refunding upon completion brings more dedicated audience. Must offer on-site activities i.e., those who can provide direct enrollment or answer specific questions. Holding FE events in interesting locations can bring a bigger crowd, as well as offering a variety of subjects over different times of the year. Use of Community Calendars is crucial to relay invitations to events.

State - Education Report

Cathy Brorson presented for the subcommittee. They are working on a survey currently and will provide more data in September. One request would be the training and some type of certification of FE teachers. Use of CEU’s and the new process of CEUs could be avenue to enlist or recruit more teachers. Care must be taken in mandating teacher requirements; not all at once but rather incremental. How to train the trainers; teachers must have own skills in FE. Create partnership with area professionals and educators. WA Credit Union League had success offering CEUs for training sessions..

There should be a central portal for locating information. Using non-profits to collaborate with teachers and administrators. Offering special after-school events as opposed to mandating FE into curriculum. Family night events with food and on-site advisors. Possibly encouraging school districts to promote FE, such as high schools including FE as a “culminating project” in senior year.

General Discussion:

(Some of the discussion of FLPPP that occurred during the first portion of the meeting has been moved to this section.)

As to the use of a “211” centralized phone information system, Linda Taylor pointed out that the agents on the phone are listening for “key words” in order to assess where to direct the caller. Non-profits often do a pre-screening in order to aim the caller towards the correct services. Feedback from the Pierce County 211 contact John Parkhurst. They want to broaden their reach and track the calls they receive. The need for using volunteers and/or AmeriCorp workers. The expense of training and expertise. Their 211 system is in a fundraising process currently. The 211 number as a national model being considered for delivery of financial education and referral for social services.

Consistency of leadership. How to keep a council/advisory board funding and operating. The possibility of broadening the FLPPP mandate and preventing its "sundowning". The FLPPP report is due to the legislature next June. This SB 6272 requires a report in December. How, if possible, to recommend converting or melding FLPPP into a sustaining entity. Broaden it beyond K-12 or keep FLPPP as primarily a link with schools.

Discussion of the value of a "pilot program", a limited trial run to demonstrate value to legislators. Community examples with measurable outcomes, methods to track outcomes will be critical in selling projects to Governor. The Bank on San Francisco, the Asset Building Collaborative of Seattle and the NYC "Cities for Financial Empowerment" have ongoing experience to draw examples and data from.

The necessity of active participation by non-profits cannot be understated. Importance of a spokesperson to raise public profile. Social networking, publicizing, awareness raising needed.