The Torch

July 18, 2014

A bi-weekly report from the Coalition of Higher Education Assistance Organizations

COHEAO News

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White House & Administration

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The Consumer Financial Protection Bureau this week announced that it will give consumers an opportunity to publish their "unstructured consumer complaint narrative data" providing context to complaints relating to financial services, including student loans and collections.

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  Today, the U.S. Department of Education announced that Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates, led by former U.S. Attorney Patrick Fitzgerald, has been selected to monitor various aspects of Corinthian Colleges.
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  A new report from the National Center for Health Statistics, which is operated by the federal Centers for Disease Control (CDC), indicates that more than two in five (41 percent) of US households no longer have a land telephone line.
- **Additional Identification Required for Some to Enter ED Building**
  Enforcement of the REAL ID Act of 2005 will go into effect at the U.S. Department of Education, beginning Monday, July 21st, the Department announced. The REAL ID Act prohibits federal agencies from accepting driver's licenses and identification cards from states and territories that do not meet the Act's minimum standards.

Industry

- **OECD Releases Report on Financial Literacy**
  Last week, the Organization for Economic Cooperation and Development (OECD) released results from the first Program for International Student Assessment (PISA). PISA tests students' (all 15-year-olds) knowledge of basic financial concepts and ability to apply those concepts to real-life financial issues.

Attachments

- **COHEAO Commercial Members**
- **COHEAO Board of Directors**

COHEAO Board Members Make Hill Visits to Support Perkins Loans

A dozen members of the COHEAO Board of Directors made a special visit to Washington, DC, this week to support the COHEAO grassroots campaign for the Perkins Loan Program. In a series of 16 meetings on July 15th in Congressional offices and five more on July 16th with higher education associations, COHEAO leaders made the case for the importance of the Perkins program to students and the need to authorize its continuation as part of the Higher Education Act reauthorization process.

The visits were in offices of Republicans and Democrats in the House and Senate, and included in-person meetings with House Higher Education Subcommittee Chairwoman Virginia Foxx (R-NC) and Subcommittee members Tim Bishop (D-NY) and Luke Messer (R-IN). Members and staff reported general support for the continuation of Perkins Loans, but it also is clear that a decision has not been made on whether or not to continue the program beyond October 1, 2015. The HEA reauthorization process will spill over into next year and perhaps longer, so Congress is simply delaying a decision about what to do.

In some offices, COHEAO's "Campus Flex" proposal received a positive reception, and it at least received polite interest throughout. With the interest in Congress in simplifying the federal student aid system, the idea fit of having one appropriation for campus-based programs with campus-level flexibility on how to allocate the funding. As far as the "one grant, one loan" proposals put forth go, COHEAO continues to say that the campus-based programs, including Perkins, play an essential role for providing individual students the extra assistance they need.

There was no discernable support in Congressional offices visited this week for the Administration proposal to create a new unsubsidized direct loan program called "Perkins" so that alternative appears highly unlikely. (COHEAO is not fighting that proposal, only pointing out that the current program is better and should be supported regardless of what is done with a new program.) Some in the higher education community continue to like the idea of it, but others are fully supportive of the existing Perkins program. COHEAO is continuing to work with colleagues at other higher education associations about Perkins.

One message was repeatedly made clear in House and Senate offices: it is very important for members of Congress to hear from their constituents about the importance of continuing Perkins in order to encourage them to make the right decision.

Additional information about COHEAO's grassroots initiative is available online:
http://www.coheao.com/advocacy/the-future-of-perkins-loans-what-you-can-do-to-help/

COHEAO Mid-Year Conference Is Approaching—Sign Up Today!

The registration and hotel discount deadline has passed but there is still space available for those who would like to attend the COHEAO Mid-Year Conference, which will take place August 3-5 at the Grand Hyatt Denver. You can sign up here. It looks like the conference will be well attended as usual, with an informative and interesting agenda at a time when there is much change on campuses.

The COHEAO Mid-Year Conference is a unique event that offers deep insights on the most pressing legislative and regulatory issues facing campus professionals as well as training on the basics of program administration.

In addition to updates on the Congress, the CFPB, and the Department of Education, sessions at the COHEAO Mid-Year will address financial literacy and higher education, the use of debit cards on campus, UDAAP enforcement, and much more. A panel of Title IV servicers (the TIVAS) is confirmed to talk about loan consolidation issues, and an attorney from with expertise in the Telephone Consumer Protection Act has confirmed to bring the latest on the FCC's position on using predictive dialers to call cell phones.

COHEAO expanded the agenda and added concurrent sessions this year for the first time in many years, to go with general sessions.

The COHEAO Mid-Year will be held at the Grand Hyatt Denver, a modern, comfortable hotel located in the heart of the city. COHEAO has negotiated a fabulous rate of $169 for conference attendees. This rate is apparently still available for the days of the conference for those who let the hotel know they are attending, although the hotel is close to selling out. Whether it is catching a game at nearby Coors Field, a visit to the Rocky Mountains, or any of the other fun activities Denver has to offer, the Grand Hyatt Denver is a perfect location for tacking a summer vacation onto a business trip.

Go ahead and sign up today. This is a conference you won't want to miss.

COHEAO Mid-Year Conference at a Glance

When:	**August 3-5, 2014 (Conference Programming August 4 & 5)**
Where:	**Grand Hyatt Denver**
Registration:	**http://goo.gl/hE1mVy**
Additional Info:	**http://goo.gl/ZjfljU**
Costs:	**$510 for all COHEAO members** **$610 for institutional & organizational non-members** **$1,660 for commercial non-members**
Conference Hotel:	**Grand Hyatt Denver**
Hotel Registration:	**Click here for online registration** **Call (402) 592-6464 and mention COHEAO.**
Hotel Rate	**$169 (Rates may not be available for all dates. Contact COHEAO for help if needed.)**

Congress

House Education and Workforce Committee Marks Up First HEA Reauthorization Bills

The House Education and Workforce Committee on July 10th approved three bills, the first bills to move forward as part of the Higher Education Act reauthorization process. All passed with bi-partisan support after an apparently collegial process took place in writing them. The three were not controversial, with the hard parts – including the student aid programs -- left for future bills that are still in development and are far more likely to turn partisan. Democrats proposed some controversial amendments that all fell on party lines on student loan refinancing and rules affecting for-profit schools.

Committee Chairman John Kline (R-MN) has undertaken a piecemeal strategy for reauthorization, with the easier parts brought up first in order to set up a practice of working together with Democrats on legislation that he hopes may spill over into the harder parts. There is precedent for bi-partisan HEA reauthorizations, with the last two passing almost unanimously in 2008 and 1998. Democrats did complain at the Committee markup that the Republican majority has been too slow in bringing up comprehensive legislation that does something about college costs and student debt.

Bills to come later will deal with regulatory relief and revising the student aid programs to simplify them. In a position paper released earlier, House Republicans said they support a one grant, one loan system, rather than multiple types of loans and grants. Senators Lamar Alexander (R-TN) and Michael Bennet (D-CO) introduced draft legislation along these lines in June, the FAST Act, which includes elimination of Graduate PLUS loans in favor of one undergraduate student loan with higher annual loan limits than presently offered by Stafford Loans, one graduate student loan with annual and cumulative limits, and one loan for parents, Parent PLUS.

House Republicans next week are expected to bring up two of the bills next week, but the student aid bill won't come up before September, and likely not until early 2015. None of the bills so far introduced change current law on Perkins Loans. The one-loan approach could signal elimination of Perkins, but the fact that the Perkins Loan Program is one of the three campus-based programs and thus serves is part of their special, supplemental, functions sets it apart. Rep. Tim Bishop (D-NY) made a point at the House markup to express strong support for continuing the Perkins Loan Program. The future of Perkins remains to be determined at a later date as the various reauthorization bills are worked on in the next Congress.

The bills that passed, all by voice vote, are:

- H.R. 4983, Strengthening Transparency in Higher Education Act. by Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) and Rep. Luke Messer (R-IN) will help students gain access to the facts they need to make an informed decision about their education.
- H.R. Empowering Students through Enhanced Financial Counseling Act. Introduced by Reps. Brett Guthrie (R-KY) and Richard Hudson (R-NC), H.R. 4984 will promote financial literacy through enhanced counseling for all recipients of federal financial aid. To learn more about the legislation, click here.
- H.R. 3136, Advancing Competency-Based Education Demonstration Project Act, by Reps. Matt Salmon (R-AZ), Gerald Polis (D-CO) and Susan Brooks (R-IN), would experiment with allowing federal student aid to go to education programs that include direct assessment of higher educational progress instead of purely time-based measurements.

COHEAO distributed a special "Spark" with more details to its members on July 11. For a copy of that, send an email to Wes Huffman: whuffman@wpllc.net. A recording of the hearing, along with the text of the bills as approved by the Committee, is available here: http://edworkforce.house.gov/calendar/list.aspx?EventTypeID=190 .

Comments Invited on Harkin HEA Discussion Draft

The HEA reauthorization process has moved forward in the Senate with the release at the end of June of HELP Committee Chairman Tom Harkin's (D-IA) discussion draft for HEA reauthorization. It does not include any changes to Perkins or other campus-based programs, leaving decisions on those programs for later.

Coming in at 785 pages, Chairman Harkin's bill is composed of proposals introduced previously by Harkin and other Democratic senators, notably including legislation by Sen. Elizabeth Warren on student loan refinancing. Some of the bills aims are:

- A severe crack-down on for-profit institutions of higher education. In this regard, the bill proposes dozens of reforms, the cumulative effect of which would be to either fundamentally change the sector or to put much of it out of business. Reforms proposed include efforts to close a number of "loopholes" allegedly practiced or promoted by for-profit schools to maintain the flow of federal student aid, including manipulation of cohort default rates.

- More specific regulation in the law of federal student loan servicing, including standardization. Data would be collected on whether borrowers are being adequately referred to options that might help them avoid continued delinquency and default.

- Data collection on private student loans would be enhanced. Reporting of private student loans to NSLDS and enhancement of the CFPB Student Loan Ombudsman's report are key parts of the bill.

- The collection of student loans would be far more prescriptive with collection fees cut. Changes would include collection of data on student loan collectors and determining whether the fees paid are "reasonable." Any collector determined by the CFPB to have engaged in "abusive" collections would not be eligible to serve as a federal collector.

The HELP Committee indicates it issued the discussion draft to solicit feedback from stakeholders, creating a special email address for comments (**HEAA2014@help.senate.gov**). Any submissions for consideration should be submitted no later than August 29, 2014, at 5:00 p.m. EDT.

HELP Committee staff indicate they plan to review these submissions and further refine the bill. Libby Masuik, Chairman Harkin's point person for higher education issues, told a crowd of education advocates he intends to move the bill through the Committee this year.

The bill includes the following provisions:

- The Warren refinancing proposal permitting all student loan borrowers to refinance their loans at the interest rates that were in effect in 20013-14
- Streamlining of student loan repayment options
- School certification required for private student loans
- Bankruptcy discharge of private student loans
- Reforms to the collections process for federal student loans, including auto-enrollment in income based repayment

- Moving from a default rate metric to a loan repayment metric for consumer and, ultimately, institutional accountability purposes
- Increases to Pell Grants that restore recent cuts including "year-round Pell."
- A prohibition on the use of federal funds for marketing and advertising
- A change in the 90-10 rule for for-profit schools back to 85-15, where 15 percent of a school's revenues would have to come from sources other than Higher Education Act programs or, a new provision, veterans and servicemember benefits
- Restoration of the eligibility of "ability to benefit" students
- A uniform federal aid award letter

Additional information can be found here:
http://www.help.senate.gov/newsroom/press/release/?id=5d38939d-4dc5-4ca8-9924-5762c9bb30e7&groups=Chair

Bi-partisan Senate Bill Would Apply IBR To All

This week saw the introduction by Sens. Mark Warner (D-VA) and Marco Rubio (R-FL) of the "Dynamic Student Loan Repayment Act," which basically scraps Grad PLUS and Stafford loans and replaces them with the new "Income Dependent Education Assistance Loan Program" and the "IDEA Loan Repayment Program." This bill is similar to Reps. Tom Petri and Jared Polis's ExCEL Act, H.R. 1716, which also calls for income-contingent repayment with the IRS as collection agent.

According to Warner and Rubio, their bill:

- Simplifies and consolidates. Replaces our complicated array of loans, subsidies, deferments, forbearances, and repayment options with a single loan repaid through improved income-based repayment.
- Automatically keeps payments affordable. A borrower would pay an affordable percentage of his or her income until the loan is repaid or the time limit is reached. Borrowers pay more when they're doing well and are protected during periods of unemployment or low earnings.
- Makes income-based repayment more fiscally responsible. It tiers loan forgiveness so that it provides a safety net for responsible borrowers who unexpectedly find their loan balances permanently unaffordable, while minimizing incentives for individuals to engage in unnecessarily risky borrowing.
- Strong borrower protections. Interest would not compound during repayment, allowing the borrower to make progress on the principal.

A comparison of the House and Senate versions reveals that the Petri bill doesn't have forgiveness after 10 years (for Public Service Loan Forgiveness), but caps interest accrual. The Warner-Rubio bill doesn't cap interest accrual but has "tiered" forgiveness. Another difference relates to percentage/exemption used in determining repayment amounts. The Petri bill uses 15% over 150% of the poverty line, whereas Rubio/Warner uses 10% over a flat $10K (adjusted for inflation). Rubio/Warner also incorporates the interest rate formulas that were agreed to in the bipartisan compromise on interest rates last year.

Finally, both bills leave the TIVA servicers in place, both for current and for the new IDEA loans.

A copy of the press release announcing the bill with a link to the legislation can be found here:
http://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord_id=9e6d1e36-aa34-40a4-9d08-1a6344a263ed .

Appropriations Process Moves Forward in House; Labor HHS Education Bill Stalled

The focus this week on Capitol Hill was on illegal immigrant children seeking asylum in the United States. President Obama asked Congress for $3.7 billion in emergency supplemental funding to help pay for interventions to address the situation, but so far the response to that request makes it unclear how much of that amount might be approved.

A second funding crisis that needs quick resolution is the almost empty Highway Trust Fund. Legislators have until August 1 to find a way to restore funding for ongoing infrastructure work in progress throughout the country. If they don't meet that deadline, funds to states will be cut off and work will have to be suspended.

There was some progress on spending bills for FY 2015 in the House of Representatives. The Interior bill was marked up in the Appropriations Committee and cuts to the National Endowments for the Arts and Humanities proposed by the Subcommittee were restored. However, reports are that the House Appropriations Committee is unlikely to mark up the most controversial of the appropriations bills, the one funding the Departments of Labor, Health and Human Services, and Education.

The Senate remains paralyzed regarding movement of appropriation bills either at the committee level or on the Senate floor because of threats of amendments considered "toxic" by Majority Leader Harry Reid (D-NV). When and if that impasse might be resolved is anybody's guess. The Congress will go into recess at the end of the month, returning on September 8th with only about two weeks of session left before the end of the federal fiscal year Sept. 30. That leaves few legislative days to pass a continuing resolution and avoid a government shutdown.

And finally, this week, the Office of Management and Budget (OMB) released its revised estimates of budget receipts and outlays for FY 2014-FY 2024. The news was somewhat surprising given the deep cuts in spending that have been enacted over the past several years and the projected reductions in light of the sequester. Though the deficit has dropped another $66 billion since March, over the next 10 years it will balloon once again because of lower than previously anticipated tax payments. That doesn't bode well for advocates' efforts to eliminate the sequester law and restore previous cuts in domestic spending.

Senate Democrats Seek More Information from ED on TIVAS Contract Extension

Senate Democrats continue to press the Department of Education over the Department of Education's student loan servicing contract, coming at the issue from a variety of angles. Last week, Sen. Claire McCaskill (D-MO), in her role as Chair of the Senate Subcommittee on Financial and Contracting Oversight, joined Sen. Elizabeth Warren (D-MA) and other Democrats in releasing a letter sent to the Department of Education expressing concern with the extension of the TIVAs contract.

The letter demands a great deal of information from the Department within a short time – by July 29. The list of requested information is included below:

(1) A list of all contractors involved in the administration of student loans, including the contract number, date of award, and a brief description of the services provided for each contract;

(2) All audits of contractors involved in the origination, disbursement, servicing and collection of student loans, including audits conducted by the Defense Contract Audit Agency, if any;
(3) The final contracts and all modifications awarded for servicing of Federal Direct student loans, including the contract extension to the TIVAS contractors;
(4) All Independent Government Cost Estimates conducted by the Department of Education related to contracts for servicing Federal Direct student loans;
(5) The payment history and invoice history, including the use of any award or incentive fees for the contracts, and any related communications, for student loan servicing contracts;
(6) Reports regarding the performance of the current student loan servicing contractors, whether prepared by the Department or contractors;
(7) Information sufficient to show the Department's planning for future loan servicing contracts, including any information on expanding the pool of potential bidders;
(8) The memoranda which documented the justification for the award of both the current contracts and the recent extensions to the TIVAS, any trade-offs made during the selection process, the negotiation with the TIVAS, the responsibility determination, and the determination of price reasonableness;
(9) Any analyses regarding the contract vehicle(s) used for the TIVAS contracts;
(10) Any analyses regarding the nature, scope, and impact of proposed changes to the TIVAS contracts that President Obama announced in June.
(11) Performance metrics, evaluations, including justifications required under Federal Acquisition Regulation § 41.15 regarding prime contractors' performance, and any communications or memoranda related to performance metrics for the TIVAS contracts;
(12) Information sufficient to show how the TIVAS contractors' performance is measured and monitored under the current contracts and any communications related to performance metrics and monitoring;
(13) Information sufficient to show how the TIVAS are rated for performance related to the status of borrowers in default;
(14) For each of the TIVAS contractors, the portion of non-defaulted loans (by dollar value and number of borrowers) that fall into the following categories: (a) hardship deferment, (b) in-school deferment, (c) other deferment, (d) administrative forbearance, (e) other forbearance, (f) actively repaying in an income-based repayment plan, (g) actively repaying in a graduated repayment plan, (h) actively repaying in an extended repayment plan, and (i) actively repaying in an extended graduated repayment plan;
(15) Information sufficient to show how the panel selected the four finalists for the origination and disbursement contract;
(16) Information sufficient to show how the Department plans to address Navient's contracts while the company is under investigation, including any plans for additional oversight, monitoring, or audits of Navient's current contracts; and
(17) Information sufficient to show the status of the Department's investigation into potential violations of the Servicemembers Civil Relief Act by Navient and other contractors, if any.

The letter is available online: **http://www.hsgac.senate.gov/subcommittees/fco/media/mccaskill-warren-join-colleagues-to-question-department-of-education-on-oversight-and-renegotiation-of-student-loan-contracts-**

White House & Administration

CFPB to Publish Consumer Narratives on Complaint Website

The Consumer Financial Protection Bureau this week announced that it will give consumers an opportunity to publish their "unstructured consumer complaint narrative data" providing context to complaints relating to financial services, including student loans and collections. The narratives would be scrubbed of information identifying the consumer, and referenced financial institutions would be given the opportunity to respond.

This will be another major addition to the complaint system, one that immediately drew praise from consumer groups and criticism from industry which is concerned that the unvalidated complaints will be published. Although it is not required to, the CFPB will give the public 30 days to comment on its plans. The comment period will commence when the announcement is published in the *Federal Register*, which is expected in the next few days.

See: http://www.consumerfinance.gov/newsroom/cfpb-proposal-would-give-consumers-the-opportunity-to-publicly-voice-complaints-about-financial-companies/.

The actual policy that will be published in the *Federal Register* is here: http://files.consumerfinance.gov/f/201407_cfpb_proposed-policy_consumer-complaint-database.pdf .

Firm Announced to Monitor Corinthian Colleges, Ensure Compliance

Today, the U.S. Department of Education announced that Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates, led by former U.S. Attorney Patrick Fitzgerald, has been selected to monitor various aspects of Corinthian Colleges. The independent monitor will oversee programs owned by Corinthian, including Everest, Heald and Wyotech campuses. Corinthians colleges have 72,000 students.

The announcement follows the placement of Corinthian Colleges on heightened cash monitoring after the company failed to address Department concerns including the alleged falsification of job placement data used with prospective students, as well as allegations of altered grades and attendance. The heightened cash monitoring period worsened the company's financial problems, and the company indicated that it would have to close. Consequently, the Department required earlier this month that an independent monitor oversee Corinthian's actions as the company begins to sell its campuses and scale back operations over the next few months.

The agreement, signed by the Department and Corinthian Colleges on July 3rd, allows the monitor full access to Corinthian personnel and budgets, and the monitor will review all sales, ensure teach-out plans that allow students to complete programs, and confirm that Corinthian is in compliance. The monitor is funded by Corinthian Colleges and will be reporting to the Department regularly.

Conditions have been established to help students transition out of the institution and to avoid abrupt termination of programs. Corinthian is required to inform all students of the status of their school, their options and a plan that ensures students can complete their programs without disruption, if they so choose. Enrollment at schools operating under a teach-out plan has been halted, and additional disclosure is required at campuses that are being sold.

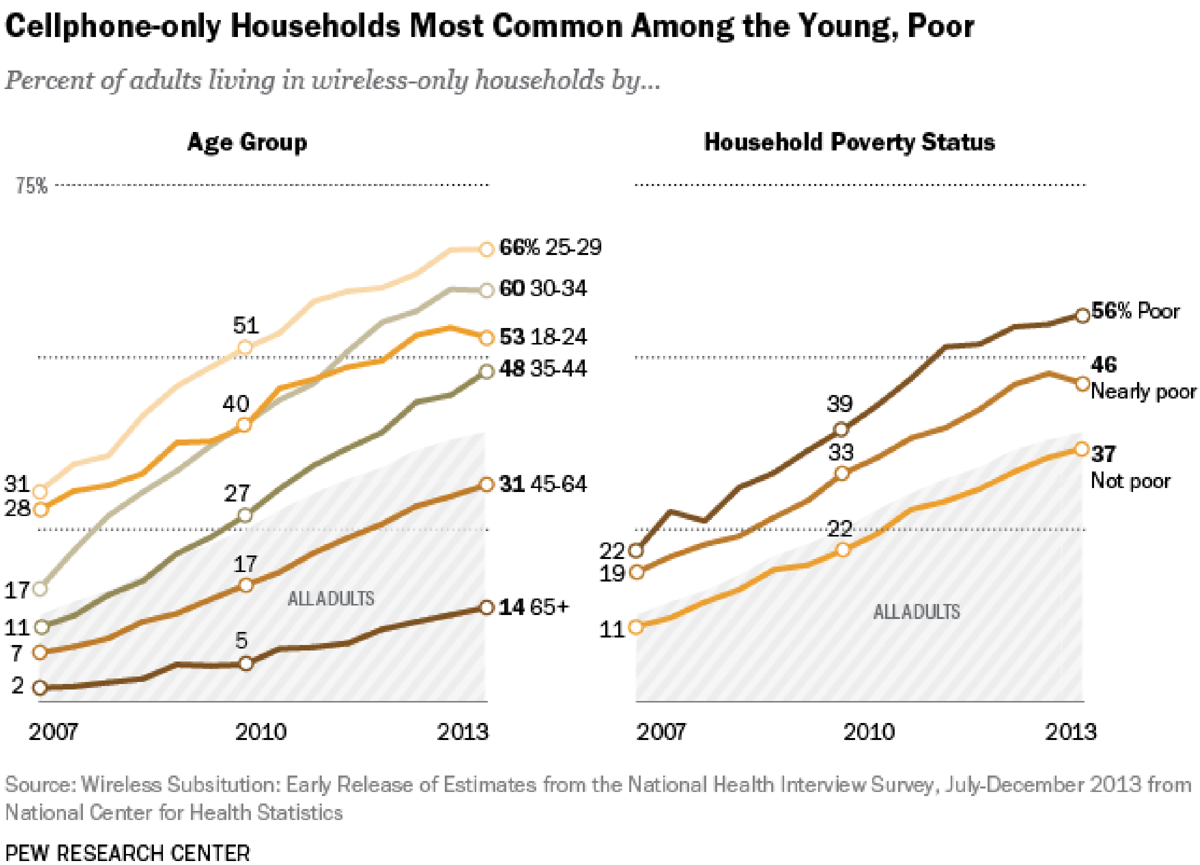
In several circumstances, Corinthian is required to make full refunds available to students, and the Department is working with the company to establish a reserve fund of at least $30 million to do so. Corinthian is permitted to use federal student aid funds only for normal daily operations, and is not allowed to use federal funding to pay dividends, legal settlements of lawsuits or investigations, debt repayments, or payments related to private student loans.

To access the Department of Education press release, go to: http://www.ed.gov/news/press-releases/education-department-names-seasoned-team-monitor-corinthian-colleges

Report Shows Increasing Cell-Only Households

A new report from the National Center for Health Statistics, which is operated by the federal Centers for Disease Control (CDC), indicates that more than two in five (41 percent) of US households no longer have a land telephone line. This is an important, but often overlooked, aspect of student loan servicing and collections, as young people are even more likely to be “cell only” and the Telephone Consumer Protection Act (TCPA) limits the ability to contact mobile phones. COHEAO continues to work actively with a coalition of groups seeking relief from overly restrictive regulations and directives by the Federal Communications Commission on the use of predictive dialers to call cell phones.

The number of wireless only households increased at a slower rate than in previous years, but “cutting the landline” has seen steady growth in all age and income groups. A graph from the Pew Research Center is included below:



Additional information on the report from the CDC is available online:
http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201407.pdf

Additional Identification Required for Some to Enter ED Building

Enforcement of the REAL ID Act of 2005 will go into effect at the U.S. Department of Education, beginning Monday, July 21st, the Department announced. The REAL ID Act prohibits federal agencies from accepting driver's licenses and identification cards from states and territories that do not meet the Act's minimum standards.

Visitors from the following states and/or territories will be able to enter one time only with a state driver's license, and will need additional identification, such as a passport, for additional entries: Alaska, American Samoa, Arizona, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Montana, New York, Oklahoma, and Washington. A person presenting insufficient identification as described above will be escorted by an employee throughout their initial permitted visit. These procedures will apply to all federal facilities including, Lyndon Baines Johnson, Potomac Center Plaza, and Union Center Plaza. Questions or concerns should be directed to Special Agent Chris Strambler at Christopher.strambler@ed.gov or Special Agent Kevin Williamson at Kevin.williamson@ed.gov.

Industry

OECD Releases Report on Financial Literacy

Last week, the Organization for Economic Cooperation and Development (OECD) released results from the first Program for International Student Assessment (PISA). PISA tests students' (all 15-year-olds) knowledge of basic financial concepts and ability to apply those concepts to real-life financial issues.

Students in the United States scored an average of 492 on the test, slightly below the OECD average of 500. Of U.S. students, 9% scored at the top performance level (Level 5) while 18% scored as low performers (below level 2). According to the Department of Education, none of these data points were measurably different from the OCED average (http://nces.ed.gov/pubs2014/2014102.pdf). The following is a sample question from the test:

"EACH month, Jane's salary is paid into her bank account. This is Jane's pay slip for July. Gross salary: 2,800 zeds. Deductions: 300 zeds. Net salary: 2,500 zeds. Gross salary to date this year: 19,600 zeds. How much money did Jane's employer pay into her bank account on 31 July? A) 300 zeds, B) 2,500 zeds, C) 2,800 zeds or D) 19,600 zeds." (http://www.economist.com/blogs/freeexchange/2014/07/financial-literacy)

U.S. Secretary of Education Arne Duncan called the results "sobering," and emphasized a need for financial literacy classes in schools across the nation.

However, other analysts responded to the results differently. Citing data from the Jump$tart Coalition for Personal Finance Literacy, the Economist pointed out that "surveys consistently show that students who have taken a full-semester course in personal finance do no better on a standard financial literacy test than those who have not taken such a course." The article further noted that personal finance courses do not appear to have an impact on adult behavior, citing a Harvard Business School paper which found that financial education had no impact on household savings behavior. (http://www.economist.com/blogs/freeexchange/2014/07/financial-literacy)
For the OECD report and press release regarding it, go to http://www.oecd.org/finance/financial-education/oecdpisafinancialliteracyassessment.htm.

Country	Mean score	Range of ranks
Shanghai-China	603	1-1
Flemish Community (Belgium)	541	2-2
Estonia	529	3-4
Australia	526	3-5
New Zealand	520	4-6
Czech Republic	513	5-7
Poland	510	6-7
Latvia	501	8-9
United States	492	8-12

Russian Federation	486	9-14
France	486	9-14
Slovenia	485	9-14
Spain	484	10-15
Croatia	480	11-16
Israel	476	11-17
Slovak Republic	470	15-17
Italy	466	16-17
Colombia	379	18-18
OECD average-FL	500	

Source: Figure VI.2.3 | OECD

The data from the 2012 PISA assessment was released by George Washington University's Global Financial Literacy Excellence Center. The center is headed by Annamaria Lusardi, a professor at George Washington renowned for her work on financial literacy and the chair of the OECD's Financial Literacy Expert Group, which designs the assessment.

Lusardi brought together top academics and participants in the PISA along with top level Administration officials—Secretary of Education Arne Duncan, CFPB Director Richard Cordray and Deputy Treasury Secretary Mary Miller—for a conference on the results. Duncan kicked off the conference with an interview with John Rogers, the Chairman of the President's Council on Financial Capability. In their discussion, Duncan reviewed the work of Rogers Ariel Academy, a charter school that focuses on wealth and personal finance, during his tenure in Chicago. Duncan acknowledged that there simply aren't enough resources to create Ariel Academy-type schools for every student, but suggested parts of the model are worth bringing to scale.

Following Duncan were speeches by Cordray and Miller. The CFPB Director and Treasury's Deputy Secretary detailed some of the recent work and proposals from their agencies in the area of financial literacy. Miller spoke to Treasury's work with Intuit on student loan repayment and the plan to create "MyRA" retirement accounts. Cordray said financial literacy was "a cornerstone of the work" at the Bureau and pointed to the recent CFPB report "that assembled and synthesized all the best thinking we could find on ways to promote youth financial capability." The CFPB Director also made a strong push for teaching financial literacy concepts at the K-12 level, particularly within the construct of core academic subjects.

"To construct a more financially capable America, we must develop a knowledge base that gets passed on to others in a more rigorous and systematic way. Fashioning bridges of experience between peoples is the mark of all great societies; building upon what others have done before us is a hallmark of civilization and the primary means of improving life for the coming generations. The same approach is amply justified in the field of financial education," Cordray said.

Additional information on the PISA Financial Literacy Assessment is available online:
http://www.oecd.org/daf/fin/financial-education/2014-launch-pisa-financial-literacy-students.htm
Additional information on the GLEC event is available online: **http://www.gflec.org/#!pisa/c23z5**

Cordray's remarks are available online: **http://www.consumerfinance.gov/newsroom/prepared-remarks-of-cfpb-director-richard-cordray-at-the-u-s-programme-for-international-student-assessment-financial-literacy-data-release/**
Miller's remarks are available online: **http://www.treasury.gov/press-center/press-releases/Pages/jl2557.aspx**

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