Vermont Financial Literacy Commission
Sept 19, 2016

Vermont Financial Literacy Commission Members Present:

Beth Pearce, co-chair, Vermont State Treasurer
Courtney Poquette, Winooski High School
John Pelletier, co-chair, Champlain College
Justin Brown, Colchester High School
Linda Tarr-Whelan, Tarr-Whelan Associates (By phone)
Mark Perrin, State Board of Education
Mary Niebling, Central Vermont Community Action
Sabina Haskell, representing commission member Scott Giles
Thomas Leavitt, Northfield Savings Bank
Yvonne Garand, VSECU

Also Present:

Dylan Giambatista, Vermont State Treasurer's Office
Kimberly Jessup, AVIC
Maria Calamia, CCV
Ryan Dulude, CCV
Tricia Coates, VSC
Wendy Koenig, UVM (By phone)

CALL TO ORDER:

Mr. Pelletier, co-chair, called the meeting to order at 2:03 p.m. The meeting was held in the 4th Floor Conference Room of the Pavilion, 109 State Street, Montpelier, VT 05609.

Item 1: Approval of Meeting Minutes

Mr. Perrin moved for approval of the meeting minutes from August 8, 2016. The motion was seconded by Mr. Brown and approved by the commission.

Item 2: Update on K-12 initiatives

Mr. Pelletier reminded the Commission that he had been working with a subgroup to develop draft K-12 recommendations. He introduced a new draft document, which had been updated from the edition reviewed at the Commission's August 8th meeting. The updates were developed to incorporate feedback received at a September 6 stakeholder meeting that included representatives from the Vermont-National Education Association (VT-NEA), Vermont School Boards Association (VSBA), Vermont Superintendents Association (VSA), and Vermont Principals' Association (VPA).

Mr. Pelletier ran through the draft and described the feedback received from stakeholders. He acknowledged that additional review and edits would be incorporated prior to the next Commission meeting.

Under Sec. I, he noted a desire to change "enhance" to "encourage." Mr. Pelletier described the changes in Secs. 2 and 3 as the areas that were most altered from the previous draft. He shared how Ms. Poquette had presented information that led to the inclusion of Sec. 2, § a. (creating dual enrollment opportunities). Ms. Poquette noted that she had successfully developed one of her personal finance courses into a dual enrollment opportunity with or through CCV.

Mr. Pelletier explained that the inclusion of Sec. 2, § c., was developed after consultation with the Vermont Business Roundtable, which voiced general support for including a school's financial literacy offerings as one of the criteria for its Public School Medallion program. He further noted the importance of Sec. 3, § f., and his desire to see the Commission support efforts that create a culture of consumption around personal finance topics.

After review of the document concluded, Ms. Pearce noted that a follow up meeting would be held September 22 to bring together the K-12 subgroup, representatives of VT-NEA, VSBA, VSA, VPA, and the Agency of Education (AOE). Ms. Garand inquired as to whether the subgroup had met with AOE. Mr. Pelletier acknowledged that members of the subgroup met with AOE earlier in the summer.

Item 3: Update on adult initiatives

Mr. Pelletier asked that the agenda be taken out of order to accommodate an unanticipated schedule change. Mr. Giambatista presented an overview of potential adult recommendations, which were developed as an attempt to capture discussions that had taken place between the August and September Commission meetings.

Mr. Giambatista indicated that a subgroup of Commission had assembled to develop draft recommendations to address adult financial literacy needs. Members of the subgroup held a September 8th meeting with stakeholders from the Agency of Human Services (AHS), Vermont Businesses for Social Responsibility (VBSR), Vermont Low Income Advocacy Council (VLIAC), and Vermont Legal Aid (VLA). Invitations were also extended to Vermont Business Roundtable (VBR) an American Association of Retired Persons-Vermont (AARP-VT).

Ms. Niebling clarified that the events calendar in Sec. 1 could be a useful tool to capture existing annual financial awareness events, such as America Saves Week, Financial Literacy Month, etc. In reference to Sec. 1, § c., Mr. Pelletier pointed out that working through public forums, such as libraries, would be a wise way to engage groups that manage grant opportunities, like Financial Industry Regulatory Authority's (FINRA) Investor Education Foundation grants for libraries.

Mr. Leavitt noted that Secs. 2 and 3 received the most comment at the September 8th meeting. He urged the Commission to consider the important role that community action groups play in educating individuals around the state. He shared the examples of Champlain Valley Office of Economic Opportunity's (CVOEO) Growing Money program and Capstone's Savings & Credit Programs as excellent examples of programs that were delivering personal finance education to Vermonters.

Referencing Sec. 2, Ms. Garand inquired whether the subgroup had contemplated including a recommendation about credit and debt management. She noted that in earlier Commission meetings testimony revealed that many adults never received training about credit management and debt, and were therefore susceptible to financial challenges. Ms. Garand emphasized the importance of creditworthiness as a prerequisite to obtaining financial independence. Ms. Pearce agreed with Ms. Garand's recommendation and instructed Mr. Giambatista to work with the subgroup to incorporate the concept into an updated draft.

Referencing Sec. 2, § c., Ms. Poquette suggested that there may be opportunities to partner with local media affiliates to highlight personal finance with regularly scheduled segments. Mr. Leavitt noted that several radio and television outlets have invited him to participate in money-focused segments. He agreed with Ms. Poquette's suggestion.

Ms. Niebling emphasized the important topics in Sec 3., sharing information that changing existing "benefit cliffs" could reduce administrative costs by eliminating time consuming work resulting of individual's churn through the system. This, she reasoned, could provide a financial basis for recommending Sec. 3 § c.

Mr. Leavitt noted that one stakeholder had presented information to create a payroll deduction to help Vermonters save for retirement. The concept, he noted, was intriguing and could be the subject of future discussions.

Ms. Niebling suggested that there may be room in the recommendations to incorporate consumer protection education. Ms. Garand noted that the Department of Financial Regulation (DFR) has consumer education resources. She emphasized the importance of consumer education and questioned if state government could play a greater role in disseminating educational information on the subject.

Mr. Pelletier expressed his support for sec. 4, sharing research that suggests workplace education efforts are more likely to reach employees. Mr. Leavitt agreed and noted the importance of finding forums where individuals are receptive to education.

Item 4: Higher education initiatives

Mr. Giambatista noted that several guests, representing different higher education stakeholders, were present: Kimberly Jessup, Association of Vermont Independent Colleges (AVIC), Tricia Coates, Vermont State Colleges (VSC), Ryan Dulude and Maria Calamia, Community College of Vermont (CCV) and Wendy Koenig, University of Vermont (UVM). Ms. Koenig attended by phone.

Ms. Haskell presented a draft document that included preliminary higher education recommendations. She pointed to research by Georgetown University's Center on Education and the Workforce that suggests greater than 99 percent of jobs created since the Great Recession went to those who had education beyond high school.

Ms. Haskell introduced 70x2025vt.org, a new initiative to reach 70 percent of Vermonters with a "degree or credential of value by 2025." Ms. Garand inquired about what the initiative means by credential. Ms. Coates noted that a credential generally refers to a course of study that is industry recognized that potentially bears college credit. Ms. Haskell noted that there are also stackable credentials that are transferable and can grow.

Mr. Leavitt shared examples of high school students who decide to go to college, do not complete their course of study, and leave without a clear objective about how to set their career path. He suggested addressing any lingering uncertainty with counseling or other wrap around services to remedy such challenges.

Mr. Pelletier pointed out that the 70x2025vt.org initiative appeared to be relevant to both high school and collegiate worlds. Ms. Tarr-Whelan concurred and suggested that the Commission's meetings were punctuated by overarching themes that spanned K-12, higher education, and adult finance needs. She asked whether it would be advantageous to define several key themes to be applied to each area for analysis? Mr. Pelletier suggested that having more financially literate population means having a better, healthier economy, and that it would therefore seem appropriate to consider large, topical themes in the Commission's legislative recommendations.

Ms. Pearce noted that it might be helpful to expand the preliminary draft to incorporate VSC, UVM and AVIC data.

Referencing Sec. 2, Ms. Haskell reiterated the importance of FAFSA completion, noting that inadequate completion rates amongst Vermont students and parents result in annual cumulative losses of $5.5 million of student assistance. Ms. Tarr-Whelan asked whether some states require FAFSA completion as a prerequisite for graduation. Ms. Haskell answered that Tennessee has such a law. Mr. Pelletier elaborated that several states have passed laws that compel completion.

Ms. Haskell noted that a partnership has been formed between AOE, VSAC, VSC, UVM to increase awareness of the importance of FAFSA completion. The initiative is expected to be unveiled before the October Commission meeting.

Referencing Sec. 3, Mr. Pelletier emphasized the importance of child savings accounts. He noted his ongoing involvement as Chair of the Vermont Universal Children's Higher Education

Savings Account Program Fund Advisory Committee, and questioned whether the current child savings account law is flexible enough to allow for the creation of a pilot program targeted at low and moderate income families. Ms. Pearce noted that it might be advisable to have the General Assembly look at whether current law authorizes child saving account disbursements to specific, targeted populations.

Ms. Tarr-Whelan acknowledged that a tax credit exists for those who chose to save money using VSAC's Vermont Higher Education Investment Plan (VHEIP). She suggested that the Commission consider including a recommendation to share information about the tax advantage of saving with VHEIP. Ms. Garand noted that it could also be helpful to provide Vermonters with clear information describing VSAC's role in administering VHEIP relative to its 529 plan manager, Intuition College Savings Solution.

Referencing Section 4, Mr. Pelletier shared that there are only two states that require making personal finance available to students: Wisconsin and Virginia. The state requirements, he explained, are applicable to state colleges, not private colleges.

Ms. Tarr-Whelan observed that during the course of Mr. Pelletier's discussion he used the terms "financial literacy" and "personal finance education" interchangeably. Ms. Garand referenced the statutory definition of "financial literacy." Ms. Tarr-Whelan suggested that broadening the definition to include "personal finance education" might constitute a Commission recommendation.

Ms. Pearce requested that Ms. Haskell engage a stakeholder process with representatives from AVIC, VSC, and UVM. Ms. Haskell said that the Commission would welcome other higher education stakeholders to participate in the subgroup process, and invited each group to participate in the Commission's discussion.

Ms. Coates noted the unique configuration of VSC's institutions, and that each operates differently. She advised that a statewide mandated approach might not be the best fit for VSC, given the differences across campuses. Ms. Coates shared that a recent grant opportunity is being implemented to help with peer tutoring/mentoring. Each campus, she noted, plans to implement the grant according to its individual makeup and the needs of its students.

Ms. Coates noted that students applying for Federal Student Loans must now take counseling before proceeding with financing. She also noted the importance of completing degrees on the standard timeline of a full-time student.

Ms. Koenig echoed Ms. Coates's points. She urged a cautious approach as Commission members weigh recommendations, so as to not inadvertently dictate whether one degree is more valuable than another. Ms. Koenig noted that UVM is a strong supporter of academic freedom. She concluded by offering support to provide data or other helpful information as the Commission completes its work.

Mr. Dulude acknowledged that the cost of college is an issue, while clarifying that some instances of large sums of student debt are proportionate to a specialization or degree type. He reminded Commission members that sensationalized accounts of student debt can sometimes scare prospective students from attaining higher education.

Item 5: Report planning and next steps

Ms. Pearce requested that the K-12 and Adult subgroups meet and continue their work to develop updated recommendations for the October 24th Commission meeting. She requested that Mr. Giambatista work with Ms. Haskell and other collegiate stakeholders to arrange a higher education subgroup meeting.

Mr. Pelletier gave an overview of his expectations for future meetings. He requested that the group convene in October, November and December to complete their legislative recommendations. A general report structure was discussed encompassing, in chronological order, a goal, overview narrative, a set of recommendations, and a glossary/index listing participants, meeting times, process, etc.

Ms. Tarr-Whelan advised that each subgroup order their recommendations in rank order so as to clearly identify priorities. Commission members agreed.

Item 6: Public Comment

Mr. Perrin asked about the U.S. Department of Education's collegescorecard.ed.gov website and whether Commission members who were familiar with it viewed the resource as an efficacious tool for students. Mr. Pelletier noted that the site contains some helpful resources, especially as it relates to specific data points. Ms. Coates acknowledged that many families utilize the website. Ms. Koenig echoed the sentiment. Ms. Jessup agreed that it is a resource worth exploring, but acknowledged that it has some limitations.

Item 8: Adjournment

The Commission's next meeting will be held at VSAC's Common Room at 2:00 p.m. on Monday, October 24.

Ms. Garand made a motion to adjourn. A roll call vote was held with all present members voting to adjourn. Ms. Pearce adjourned the meeting at 4:15 p.m.

Attachments:

- Potential K-12 Recommendations
- Potential Adult Recommendations
- Higher Education Recommendations

Potential K-12 Recommendations

Goal of the Vermont Financial Literacy K-12 Recommendations: Increase the number of Vermont K-12 students that are receiving quality personal finance education in our schools prior to entering into college or the workforce.

The following is a list of potential recommendations. It is NOT a list of final recommendations from the Vermont Financial Literacy Commission or its members. This is intended to be a discussion document. As background, the general consensus of the Commission at previous meetings was that, at this time, given the many educational changes that are occurring in Vermont schools districts (school consolidation, Common Core Math and English implementation including new assessments tests, PBGRs, PLPs, EQS, Flexible Pathways/Dual Enrollment, Social Studies standards revision, etc.), a new financial literacy mandate or high school graduation requirement was not a realistic or practical option. Instead, the Commission focused on creating recommendations intended to provide resources and support to school districts so that they can more effectively implement existing financial literacy requirements and to provide them with resources that will allow them to provide additional instruction beyond the limited amount of personal finance instruction currently required.

1. *The Agency of Education (AOE) Should Provide Assistance to Supervisory Unions, Schools and Educators Interested in Providing Quality Personal Finance Education to their Students.* The following are actions that could be taken by the AOE to help promote personal finance education for all Vermont K-12 students:
    a. The AOE should identify an individual in its organization that is tasked with the coordination and implementation of the recommendations listed below.
    b. The AOE should ensure that the personal finance and personal economics educational standards that currently exist in the Fall 2000 Framework of Standards and Learning Opportunities (Framework) are not reduced or eliminated as the Framework is ultimately replaced by other curriculum content standards.
    c. The AOE should consider ways that it could help Supervisory Unions incorporate elements of personal finance (which includes career and college exploration and college financing options and personal economics) into the Personalized Learning Plans (PLPs) required for all students.
    d. The AOE should also consider how certain personal finance concepts could be incorporated into the K-12 social studies Grade Expectations that are currently being drafted.
    e. The AOE should consider making available Proficiency-Based Graduation Requirements (PBGRs) examples for Supervisory Unions to adopt in the area of financial literacy.
    f. The AOE should investigate how other states are incorporating elements of personal finance into the K-12 common core mathematics instruction and determine if such approaches and models could be offered to our Supervisory Unions and schools.
    g. The AOE should provide, on its website, access to nationally recognized, age appropriate, financial literacy standards; curriculum; resources; games; tools; and sample PLPs and PBGRs with personal finance concepts. The AOE should also promote the existence of such materials to Supervisory Unions, schools and educators across the state.
    h. Studies and surveys show that educators often lack confidence in their ability to teach personal finance due to their own lack of training on this topic. The AOE should encourage and promote educator training opportunities in financial literacy at the Supervisory Union and school level. Incentives and funding from public and private sources should be identified to help provide more teacher training opportunities on this important topic.

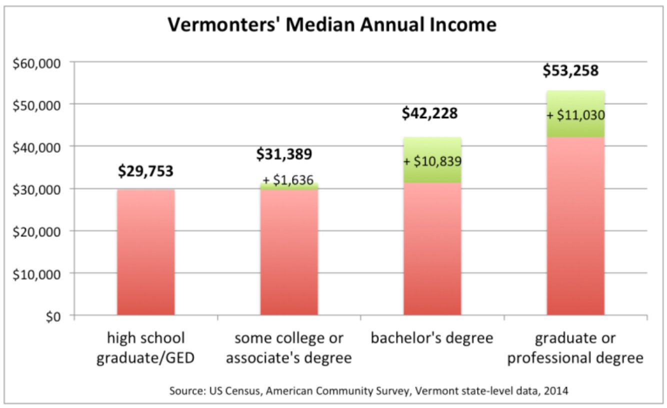
i. The AOE should ensure that all Vermont high school students have access to a personal finance elective course. If a smaller high school does not offer such an elective on-site, it should allow students to take the existing on-line course currently available through the Vermont Virtual Learning Cooperative or some other on-line solution.
j. The AOE should gather data on how personal finance education is currently being provided to students in our Vermont K-12 schools. This would help identify best practices that could be shared with all Supervisory Unions.

2. *Provide Incentives to Supervisory Unions, Schools and Educators.* Public and private sources should partner together to create incentives for the financial literacy education in our schools. The following are some examples of incentives that could be created:
    a. Promote the use of personal finance courses for dual enrollment purposes at high schools. It is our understanding that a dual enrollment understanding exists for a personal finance course between Winooski High School and CCV.
    b. A college scholarship (for example $250) for every high school student that successfully completes a personal finance course in high school.
    c. The Vermont Business Roundtable should consider adding personal finance instruction as criteria in the Public School Medallion Program.
    d. Economic incentives, like grants (from public and private sources), to encourage Supervisory Unions and schools to offer personal finance instruction.
    e. The creation of financial literacy excellence awards for Supervisory Unions, Schools and Educators.
    f. Create new and promote existing competitions that reward personal finance student knowledge (examples are the Treasurer's Cup, Investment Clubs, etc.).
3. *Create a culture of consumption of personal finance education.* Consider creating a public service campaign on why it is important that our Vermont students have basic personal finance skills and knowledge before they graduate from high school.

Financial Literacy Commission Report to Legislature, January 2017

Higher Education Recommendations

Education and training after high school is the single-most important investment a person can make in his or her future. Proof in point: of the 11.6 million jobs created since the Great Recession, all but 100,000 went to workers who had at least some college education, according to a new study, "America's Divided Recovery: College Haves and Have-Nots," from Georgetown University Center on Education and the Workforce.



A healthy 21st-century economy depends on a well-educated workforce. As projected demographic declines make clear, to remain vibrant, Vermont must fully develop the potential of all of its citizens. The individual and social benefits of higher education, including credentials of value, are clear.

Education and training after high school are essential strategies for earning a livable wage. In 2014, Vermont adults with only a high school diploma had a median annual income of $29,753. In contrast, adults with a baccalaureate degree earned $42,228 annually. Studies also indicate that individuals who have some postsecondary training after high school, even if they do not earn a degree, on average have higher wages and lower unemployment rates than individuals with only a high school degree.

Too many Vermonters don't have the education and training they need now and in the future for the new workplace. Research from the Vermont Department of Labor and the J. Warren and Lois McClure Foundation has found that all but nine of the top 65 jobs in Vermont require some education or training after high school.

In other words, for Vermonters, continuing their education after high school isn't a luxury; it's a necessity.

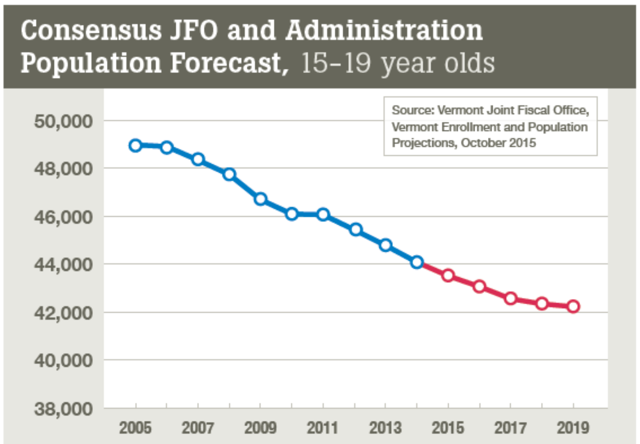
The benefits of expanded education and training accrue to the community as well as the individual. In fact, the economic growth and fiscal stability of Vermont requires a highly educated workforce. Individuals with higher levels of education:

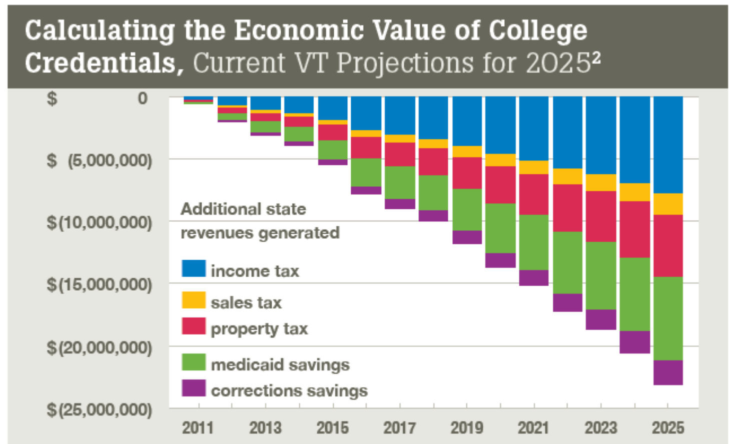
- Earn more, pay more in taxes and save more for retirement.
- Are healthier, have better health outcomes and are more involved in their local communities.
- Raise children who perform better in school and are motivated to pursue higher education or training themselves.

• Have higher employment rates and are less likely to require public assistance.

• Re-enter the workforce more quickly if they become unemployed.

These outcomes make it clear that Vermont needs more high school students to participate in postsecondary education or training and attract more graduates (from Vermont colleges, universities and training programs or elsewhere) to our state to help our economy grow.





The risks of inaction are great: based on current trends, Vermont's projected loss in educated workers will in turn generate a net loss of over $20 million from decreased state tax revenues and increased Medicaid and corrections spending.

Deciding whether or not to attend college is one of the most important financial decisions high school students and their families will make in their lifetimes. When the majority of Vermont college students borrow to finance their education, they often do so without fully understanding how much debt is appropriate for their education or the connection between their area of study and the income level that they can expect upon graduation. Many students attend college without understanding financial aid, loans, debt, credit, inflation and budgeting.

Compounding the financial challenges Vermont college students face, only 35 percent of parents in Vermont have set aside funds for their child's college education. As a result, too many students borrow too much, risking default on their student loans and damaging their credit scores.

The Financial Literacy Commission supports Vermont's ongoing efforts improve access and affordability in higher education, leading to a more financially knowledgeable and economically stable citizenry. Action steps include:

1. **Increase Vermonters' understanding of the relationship between higher education and higher earnings.**
   - *Support the 70x2025vt.org initiative to reach 70 percent of Vermonters holding a degree or credential of value by 2015. The greatest opportunity for Vermont is to address the needs of*

working-age Vermonters with some college education but no degree or credential, and the needs of first-generation, low-income Vermont high school students.

- *Through its federal grants, VSAC counsels more than 5,900 low-income and/or first-generation students* ***of all ages*** *to provide career and financial resources to pursue their education goals beyond high school.*

- *The Financial Literacy Commission urges an increase in appropriations for the Vermont State Grant, which funds low-income and first-generation students in their education expenses. VSAC administers over $19 million in need-based grants to full-time, part-time and nondegree students. However these students still have unmet need that is typically paid for with student and parent loans. VSAC estimates that full-time grant recipients had between $4,000 and $13,500 in unmet need in FY2015.*

- *The Commission commends the endowments in over 160 public and private scholarships administered by VSAC and encourages more philanthropic participation to put higher education within the reach of more Vermonters. Each year, over 2,700 students receive over $5 million in public and private scholarships from the VSAC-administered program.*

2. **Help Vermonters become better consumers of higher education and training.**
    - *The Commission recommends efforts to increase the number of Fafsa completions in Vermont. Only half of Vermonters complete the Free Application for Federal Student Aid, or Fafsa, which is the key to receiving federal and state grants, institutional aid and some scholarships. Vermonters miss out on $5.5 million each year, which works out to about $3,600 per eligible student. New changes to the Fafsa will make it easier to calculate financial aid and assist in selecting schools within Vermonters' budgets. VSAC and its partners host Fafsa completion events and have joined the national Reach Higher program to encourage more Fafsa completions.*

    - *The Financial Literacy Commission recommends that more Vermont families participate in free financial aid training workshops hosted by VSAC at 69 high schools each fall. VSAC also holds "Forms Nights" workshops where families can work with a counselor in filling out their Fafsa.*

    - *Encourage adult learners to take advantage of free career and education counseling through VSAC's federal TRiO grant, the Educational Opportunity Center. VSAC counsels over 1,500 adults each year.*

3. **Help Vermont families save for higher education in the Vermont Higher Education Investment Plan, the state's 529 college savings plan.**
    - *The Financial Literacy Commission recommends that more Vermont families be encouraged to save for higher education through VHEIP. Research shows that children from low- and*

moderate-income families with college savings of less than $500 are three times more likely to attend college and four times more likely to graduate than similar children with no college savings. College savings accounts are clearly a powerful tool.

- *We recommend that VSAC and the Vermont State Treasurer create a pilot program of child savings accounts using Vermont's existing 529 college savings plan targeted at low- and moderate-income families in Vermont counties that have the lowest level of high school graduates moving on to college or other postsecondary educational institutions.*

4. **Support and increase Vermonters' understanding of higher education financing.**
    - *Seven out of 10 Vermont college students will take some loans to finance their education expenses and knowing how to compare loans and costs is essential to making college more affordable. Most students are not financially literate when they enter college and we know that many students leave college for "financial reasons." Financial literacy education can play a significant role in changing these outcomes. A more financially sophisticated student body can be expected to yield a corresponding increase in retention and persistence rates, fewer student loans and ultimately, lower student loan default rates.*

    - *The Financial Literacy Commission recommends that Vermont postsecondary institutions provide access to robust financial literacy education opportunities. The availability and method of financial literacy education varies greatly at Vermont colleges. Each institution should take into account the unique needs of its students from college entry to graduation when creating and delivering an integrated and comprehensive set of financial literacy education offerings. Options include: (1) financial education delivered in person by financial aid, career services or student life departments with help from local professionals, faculty and staff; (2) peer-to-peer training programs; (3) online learning programs; and (4) game-oriented training. Some may offer this instruction as part of the student loan process, during freshman orientation, as an elective course, or throughout the year to all students in seminars or classes. We strongly recommend that all Vermont colleges create and implement a robust financial literacy education plan and that the efficacy of each institution's efforts be measured using comparable methodology.*

    - *To become loan-smart, the Financial Literacy Commission recommends that students and families take advantage of free VSAC workshops and that colleges distribute VSAC's "My Education Loans," a concise, no-nonsense handbook that walks students and families through the financial aid process and how to avoid taking on too much debt. Beginning with understanding financial aid awards, VSAC's guidebook shows Vermonters how to apply for grants and scholarships, compare college costs and how to navigate the complex variety of available loans and repayment plans.*

    - *The Commission urges Vermonters to get their degrees and credentials more quickly. The best way to minimize debt is to graduate on time. Less than half of the students at*

Vermont's public institutions graduate within four years. Students can cut the time it takes to earn credentials and degrees by enrolling in dual enrollment or early college while still in high school.

Potential Adult Recommendations

Goal of the Vermont Financial Literacy Adult Recommendations: Enhance the ability of adults of all income and age categories to access information and resources to help save, increase earning capacity, and to support a lifetime of security and opportunity.

The following is a list of areas of need that were identified by a stakeholder subgroup of the Financial Literacy Commission. It is NOT a list of final recommendations from the Vermont Financial Literacy Commission or its members. This is intended to be a discussion document. As background, a subgroup met on September 8, 2016 to review previous efforts of the Financial Literacy Task Force and areas of need that fall within the powers and duties of the Commission. The following stakeholders were invited to join attending Commission members Beth Pearce, Lisa Falcone and Tom Leavitt: Paul Dragon, Agency of Human Services, Lisa Ventriss, Vermont Business Roundtable, Dan Barlow, Vermont Businesses for Social Responsibility, Karen Lafayette, Vermont Low Income Advocacy Council, Chris Curtis, Vermont Legal Aid, Trish Sears, AARP-VT. It is expected additional meetings will take place prior to the October, 24, 2016 Commission meeting.

1. *State Government Should Coordinate an Outreach Effort Using Existing Structures:* The following are actions that could be taken by State Government:
   a. Develop a new clearing house website to collect and share reputable personal finance resources and the various Vermont-based groups currently providing financial literacy programs and information to Vermonters.
   b. Create and maintain an annual calendar of events on a centrally located Financial Literacy clearinghouse website.
   c. Convene statewide forums to engage Vermonters about the importance of saving and planning for retirement.

2. *State Government Should Work with Public and Private Sources to Help Vermonters Save.* Public and private sources should partner to identify adult populations that do not have access to opportunities to save, and work to adjust public policy to foster money management skills:
   a. Develop a retirement option that is available to all Vermonters,[i] per the work of the Public Retirement Study Committee.[ii]
   b. Implement the Achieving a Better Life Experience (ABLE) program to create saving incentives for individuals who experience a disability.
   c. Educate Vermonters utilizing public service announcements or other forms of communication.

3. *State Government Should Evaluate and Consider Changes to Current Policies that Hinder Low Income Vermonters' Abilities to Save.*
   a. Review current policies to determine if they encourage or discourage saving.
   b. Change the asset limit for the Reach Up Program to eliminate the asset limit for retirement accounts, and increase the asset limit for all other resources to a threshold that allows low income Vermonters to save. [iii]
   c. Review literature to understand how other states are addressing saving challenges.[iv]

4. *State Government Should Assist or Facilitate Opportunities to Share Financial Literacy Resources in the Workplace.*
   a. Review existing programs that incent employers to incorporate personal finance development opportunities in the workplace.

[i] See Attachment AARP Public Policy Institute *Fact Sheet: Vermont, Workplace Retirement Plans Will Help Workers Build Economic Security*.

[ii] See the full 2015 Public Retirement Study Committee (PRSC) report found here for the guiding principles that the PRSC has incorporated: http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retirement-all/PRSC_REPORT_1.8.2016_finalcopy.pdf

[iii] See findings here: http://www.pewtrusts.org/~/media/assets/2016/07/do_limits_on_family_assets_affect_participation_in_costs_of_tanf.pdf

[iv] See example: http://states.aarp.org/aarp-utah-commissions-study-on-cost-of-retiring-poor-in-the-state/

DRAFT Adult Committee Recommendations (October 28, 2014)

Vermont Financial Literacy Task Force

Many of Vermont's adults are in a fiscal crisis. The recent recession demonstrated that our citizens struggle when making complex financial decisions that are critical to their well-being. We know that Vermonters need help:

- Less than half of Vermont workers participate in an employment-based retirement plan
- Vermonter adults with subprime credit: 47%
- Many Vermont adults are unbanked (3.4%) or under-banked (8.2%)
- Vermonters have an average credit card debt of $9,667
- Many Vermont adults live pay check to pay check (34%) or spend more than their income (21%)
- About 60% of Vermont adults find it very or somewhat difficult covering expenses and paying bills
- Only 36% of Vermont adults have a rainy day fund, a liquid emergency fund that would cover three months of life's necessities
- Only 44% of Vermont adults paid off their credit cards in full over the past year
- About 24% of Vermonters overdraw their checking account
- And 16% of Vermonters are late with their mortgage payments

There are ways to help Vermonters by creating incentives and opportunities for savings and asset building. Providing multiple opportunities for Vermonters to be educated on personal finance topics and to have access to tools will help them make better choices. Access to emergency savings is essential for families to weather crises in the short-term. In the longer term, families with good savings behavior will be able to leverage their savings into appreciable assets such as an education credential, home or business. A household that is just making ends meet with their current income is more susceptible to being driven into poverty during difficult times. An asset building strategy providing a route to both financial security and opportunity should be accessible to ALL Vermonters.

After many hours of deliberation and discussion, the task force makes the following recommendations to increase the personal finance knowledge of all adult Vermonters:

1. **Equal Access to Payroll Deducted Retirement Plans for all Vermont Employees**. Many employees do not have access to a payroll deducted retirement plan in Vermont. Smaller employers often do not offer a retirement plan like a 401k. Nationally only 53% of employers offer a plan, but that number drops to 17% for employers with less than 10 employees and to 33% for employers with less than 50 employees. If you're saving outside of work, you have to first build up a nest egg of $1,000 to $5,000 to cover the minimum balance required to open up an Individual Retirement Account (IRA). Although the majority of taxpayers could save through private IRAs, only about 1 in 10 of those eligible actually does so. We know that many individuals are either not saving for retirement or do not appear to be saving enough. Seventeen states, including Vermont, are currently studying the feasibility of launching Universal

Voluntary Retirement Accounts (UVRAs). UVRAs are voluntary defined contribution plans that use a state's existing retirement or investment infrastructure and professional fund management to bring together the investments of thousands of workers at small- and medium-sized businesses. Vermont can use its expertise and bargaining power to reduce cost barriers and complexities that prevent many small businesses from starting retirement plans. **We recommend that the Governor, Treasurer and state legislature support the creation of UVRAs in Vermont. We also recommend that all Vermont employers currently offering defined contribution retirement plans to their employees add auto enrollment and auto escalation features to their plans.**

2. **Eliminate the Asset Test Policies for Temporary Assistance to Needy Families (TANF).** Vermont currently limits TANF benefits (cash welfare benefits) to individuals with few or no assets. Current asset limits are $2,000 or less in savings and one vehicle. If individuals or families have assets exceeding these limits, they must "spend down" longer-term savings (like retirement plan savings) in order to receive what is often short-term public assistance. These asset limits, which were originally created to ensure that public resources did not go to "asset-rich" individuals, are a relic of entitlement policies that no longer exist in Vermont. Vermont's TANF program now focuses on quickly moving individuals and families to self-sufficiency, rather than allowing them to receive benefits indefinitely. Personal savings and assets are precisely the kinds of resources that allow people to move off public benefit programs. Yet, asset limits actually discourage savings. State law currently excludes Individual Development Accounts (IDAs) from the asset tests. Ironically, state law encourages IDA savings accounts but discourages all other types of savings. The existence of an asset limit sends a signal to TANF applicants and participants that they should not save or build assets. Federal law allows states to modify or eliminate the TANF asset limit. Vermont, along with 35 other states has already eliminated its asset test for Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp program. Seven states have already eliminated this provision for TANF—Alabama, Colorado, Hawaii, Illinois, Louisiana, Maryland and Ohio. **We recommend that Vermont join these states in eliminating the TANF limit for assets.**

3. **Help more Vermonters take advantage of the Earned income Tax Credit (EITC).** The EITC provides families and individuals with the ability and an incentive to save and build assets. The EITC, supported by both Republicans and Democrats, is the largest tax credit for low-income workers and it has lifted millions of Americans out of poverty. Unfortunately, many who are eligible do not take advantage of the credit. National estimates of EITC-eligible taxpayers who fail to claim their EITC range from 13% to 25%. Families often use EITC payments to save for emergencies and build assets using the funds to purchase a house or paying off debts. **We recommend that the Governor establish an EITC Committee consisting of representation from the state government, business and non-profit firms tasked with the goal of increasing the number of individuals in Vermont that take advantage of the EITC.** Successful models in other states and cities have generally employed two main strategies to help residents claim the EITC and other tax credits: funding free tax preparation services (such as Volunteer Income Tax

Assistance (VITA) sites) and public awareness campaigns. An annual outreach campaign to raise awareness about the availability of tax preparation assistance and to help low-income workers understand that they may be eligible for an income-enhancing tax credit even if they have no tax liability could be very powerful. This committee should also propose ways for individuals to easily direct some or all of their EITC credits into emergency or other long term savings vehicles.

4. **Provide adults with a variety of personal finance learning opportunities: when they need it and how they need it.** We recommend that employers, colleges, libraries, non-profits, community organizations, churches, and our state and local governments create opportunities for our citizens to increase their financial sophistication. These engagements should occur at trusted places with trusted content and should never include sales pitches for specific financial products or services. Unfortunately, many Vermonters do not know where or how to access financial education, counseling or coaching services, nor can they easily distinguish quality programs from those that are not. Vermont should create a financial education provider network to connect residents to available services. This will require coordination and collaboration between businesses, financial institutions, nonprofits, and local and state government officials. **We recommend that the Governor create a committee to identify trusted training options that can be used by our community organizations to increase Vermonter's personal finance knowledge; raise awareness of these resources (e.g. public service announcements); and help community organizations find philanthropic partners for adult financial literacy programming.**

5. **Allow Credit Unions and State Chartered Banks to offer Prized-Link Savings Accounts.** Prize-linked savings (PLS) programs give savings accountholders the opportunity to win prizes when they make deposits. In these programs, financial institutions offer consumers a savings product with a low minimum balance requirement; accountholders make monthly deposits, which qualify them for monthly and/or annual drawings. The possibility of a prize encourages greater savings. Prize-linked savings programs focus on the entertainment value and fun of winning cash prizes, but without risking any principle and with the knowledge that one is building an asset. Not everyone "wins" one of the prizes, but everyone comes out ahead with increased savings. To enable PLS programs, Vermont must change anti-gambling and gaming laws to allow credit unions and state banks to hold private lotteries. Twelve states currently have laws allowing for PLS programs. **We recommend that the state legislature work with the Department of Financial Regulation to pass legislation that will allow such programs to be offered to individuals in our state so that interested financial institutions can help our citizens develop healthy asset building habits.**

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