



Testimony  
Before the Subcommittee on Financial  
Institutions and Consumer Credit,  
House Committee on Financial  
Services

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# FINANCIAL LITERACY

## Overview of Federal Activities, Programs, and Challenges

Statement of Alicia Puente Cackley, Director  
Financial Markets and Community Investment

# GAO Highlights

Highlights of [GAO-14-556T](#), a testimony before the Subcommittee on Financial Institutions and Consumer Credit, House Committee on Financial Services

## Why GAO Did This Study

Giving Americans the information they need to make effective financial decisions is key to their financial well-being. The federal government plays a role in promoting financial literacy, which encompasses financial education—the process by which individuals improve their knowledge and understanding of financial products, services, and concepts. The federal role evolved with the creation of the Commission in 2003 and CFPB in 2010.

This testimony provides an (1) overview of federal financial literacy activities and agency roles, and (2) update on the progress made in addressing GAO's recommendations in this area. This testimony is largely based on and partially updates a July 2012 report ([GAO-12-588](#)) and relevant portions of GAO's annual duplication reports ([GAO-11-318SP](#) and [GAO-12-342SP](#)). For those reports, GAO reviewed and analyzed relevant reports, plans, and websites related to federal financial literacy efforts, and interviewed staff of 17 federal agencies and of nonprofit organizations. To update selected information, GAO spoke with staff and reviewed materials from CFPB and the Department of the Treasury.

## What GAO Recommends

GAO makes no new recommendations in this testimony, but reiterates its July 2012 recommendations for the Commission to identify options for consolidating federal financial literacy efforts and address the allocation of federal resources in its national strategy. The Commission agreed with these recommendations.

View [GAO-14-556T](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov).

April 30, 2014

## FINANCIAL LITERACY

### Overview of Federal Activities, Progress, and Challenges

#### What GAO Found

In its July 2012 report, GAO identified 16 significant financial literacy programs or activities among 14 federal agencies in fiscal year 2010, and 4 housing counseling programs among 2 agencies and a federally chartered entity. As of April 2014, 3 of the financial literacy programs and 1 housing counseling program no longer existed or no longer received funding, and no new federal programs had been added, according to staff representing the Financial Literacy and Education Commission (Commission). The creation of the Bureau of Consumer Financial Protection (known as CFPB) in 2010 added a significant new player, with offices devoted to financial education broadly and to educating servicemembers, older Americans, and students specifically. The multiagency Commission, created in 2003, coordinates among federal agencies and between federal agencies and state, local, nonprofit, and private entities. Commission responsibilities also include developing national strategies for improving financial literacy and proposing means of eliminating overlap and duplication among federal activities. Finally, since 2008 three Presidential advisory councils related to financial literacy have had charges that include fostering partnerships among private, nonprofit, and government entities.

GAO has observed improvements or successes in four areas—coordination, partnerships, delineating CFPB's role, and evaluation tools—but significant work remains to be done in one major area—determining the most effective and efficient allocation of federal resources.

- **Coordination.** Coordination among federal agencies has improved in recent years, largely due to the role of the Commission. Recent efforts include a research clearinghouse and a coordinated initiative on youth education.
- **Partnerships.** The Commission has continued to build and promote partnerships. Several initiatives have partnered with academics, nonprofits, and other entities.
- **Delineating CFPB's role.** To help avoid unnecessary overlap, CFPB has further delineated its role in financial literacy efforts, discussing respective roles with federal agencies that have overlapping responsibilities and signing agreements on cooperation and areas of focus.
- **Evaluation tools.** The Commission and CFPB have helped develop and disseminate evaluation tools to assess outcomes and effectiveness of financial literacy programs. CFPB also contracted with a company to develop metrics and outcome measures and with a nonprofit to evaluate and report on financial education programs and activities.

However, further progress is needed to help ensure effective allocation of federal financial literacy resources and avoid unneeded overlap. In 2012, GAO concluded the Commission was best placed to consider consolidating federal efforts, which could help ensure the most efficient and effective use of federal resources. The Commission's national strategy could serve as a mechanism to identify those resources and how they might be allocated, but has not yet done so. Without recommendations on resource allocations, policymakers lack information to avoid overlap and help ensure the most efficient and effective use of federal funds.

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Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee:

I am pleased to be here today to discuss financial literacy and related federal programs as part of Financial Literacy Month 2014. Giving Americans the information they need to make effective financial decisions is key to their financial well-being. Moreover, financial markets function best when consumers understand how financial service providers and products work and how to choose among them. The federal government has played a key role in addressing financial literacy, and this role has evolved in recent years, particularly with the creation of the Financial Literacy and Education Commission (Commission), which coordinates federal efforts, in 2003 and the Bureau of Consumer Financial Protection (known as CFPB) in 2010.<sup>1</sup>

My testimony today is largely based on and partially updates a report we issued in July 2012 that examined federal financial literacy activities, including identifying agencies, programs, activities, and coordination.<sup>2</sup> It also incorporates work we conducted in recent years as part of our overall efforts to address fragmentation, overlap, or duplication in the federal government.<sup>3</sup> This testimony provides (1) a brief overview of federal financial literacy programs, activities, and agency roles; and (2) a progress update on recommendations we made in this area.

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<sup>1</sup>The commission currently comprises 22 federal entities; its Chair is the Secretary of the Treasury and its Vice Chair, as established in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), is the Director of CFPB. Pub. L. No. 111-203, § 1013(d)(5), 124 Stat. 1376, 1971 (2010) (codified at 20 U.S.C. § 9702(c)(1)(C)).

<sup>2</sup>See GAO, *Financial Literacy: Overlap of Programs Suggests There May Be Opportunities for Consolidation*, [GAO-12-588](#) (Washington, D.C.: July 23, 2012). This report addresses (1) what is known about the cost of federal financial literacy activities; (2) the extent and consequences of overlap and fragmentation among federal financial literacy activities; (3) what the federal government is doing to coordinate its financial literacy activities; and (4) what is known about the effectiveness of federal financial literacy activities.

<sup>3</sup>See GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, [GAO-12-342SP](#) (Washington, D.C.: Feb. 28, 2012); and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011). See also [GAO's Action Tracker](#), a publicly accessible online website of the areas and actions presented in these reports, which provides progress updates and assessments of the actions we suggested for Congress and executive branch agencies.

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To address the objectives of our 2012 report, we reviewed and analyzed relevant reports, surveys, agency strategic plans, performance and accountability reports, websites, budget justifications, performance data, and evaluations related to federal financial literacy efforts. We interviewed staff of 17 federal agencies and staff of nonprofit organizations. In addition, we collected cost information from congressional appropriations, agency budget justifications, and staff estimates. To update selected information for this testimony, we spoke with staff and reviewed related materials of CFPB and the Department of the Treasury (Treasury).

We conducted the work on which this testimony is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. More details on our scope and methodology are provided in each of the related products.

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## Background

Financial literacy, sometimes referred to as financial capability, has been defined as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial literacy encompasses financial education—the process by which individuals improve their knowledge and understanding of financial products, services, and concepts. However, to make sound financial decisions, individuals need to be equipped not only with a basic level of financial knowledge, but also with the skills to apply that knowledge to financial decision making and behaviors.

Efforts to improve financial literacy can take many forms. These can include one-on-one counseling; curricula taught in a classroom setting; workshops or information sessions; print materials, such as brochures and pamphlets; and mass media campaigns that can include advertisements in magazines and newspapers or on television, radio, or billboards. Many entities use the Internet to provide financial education, which can include information and training materials, practical tools such as budget worksheets and loan and retirement calculators, and interactive financial games.

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## Overview of Federal Programs or Activities on Financial Literacy and Agency Roles

In our 2012 report, we identified 16 significant financial literacy programs or activities administered by the federal government in fiscal year 2010.<sup>4</sup> As shown in table 1, there were 16 programs or activities among 14 federal agencies and 4 housing counseling programs (which can include elements of financial education) among 2 federal agencies and a federally chartered nonprofit corporation. The programs and activities covered a wide range of topics and target audiences and used a variety of delivery mechanisms. While we have not done a comprehensive update of this federal program summary since 2012, representatives of Treasury and CFPB—which represent the Chair and Vice Chair of the Commission, respectively—told us that as of April 2014, 3 of the 16 financial literacy programs and 1 of the 4 housing counseling programs either no longer existed or no longer received funding, and no new federal programs had been added since fiscal year 2010.<sup>5</sup>

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<sup>4</sup>We defined “significant” as those financial literacy and education programs or activities that were relatively comprehensive in scope or scale and included financial literacy as a key objective rather than a tangential goal. See page 12 of [GAO-12-588](#) for additional information about our criteria for significant programs or activities.

<sup>5</sup>The discontinued programs are the Social Security Administration’s Financial Literacy Research Consortium, the Department of Education’s Excellence in Economic Education Program and Financial Education for College Access and Success Program, and Treasury’s Financial Education and Counseling Pilot Program.

**Table 1: Description and Target Audience for Significant Federal Financial Literacy and Housing Counseling Programs and Activities, Fiscal Year 2010**

Financial Literacy			
Agency	Program or activity	Description	Target audience
Board of Governors of the Federal Reserve System	Division of Consumer and Community Affairs and Office of Public Affairs	Up-to-date web resources on regulatory changes regarding financial products and services, calculators, and information and tools on terms and disclosures for credit card accounts, overdraft protection programs, gift cards, and credit scores. Website offers resources for teachers and students of various ages and knowledge levels through educational games, classroom lesson plans, online publications, and multimedia tools.	Adult consumers and students
Bureau of Consumer Financial Protection	Office of Financial Education and other offices	The Offices of Financial Education, Servicemember Affairs, Fair Lending and Equal Opportunity, and Financial Protection for Older Americans develop and implement initiatives to educate and empower consumers in general and specific target groups to make informed financial decisions.	Consumers, servicemembers and their families, and individuals who are 62 or older
Department of Agriculture	Family and Consumer Economics programs	The National Institute of Food and Agriculture provides funding to land-grant colleges and universities and to state and county extension offices to support research and education, including outreach events related to personal financial topics.	Youth, rural families, elderly, and other financially vulnerable populations
Department of Defense	Personal Financial Management Program (located within Family Support Centers)	Personal financial managers on military installations provide financial education programs and counseling services designed to help servicemembers reach their financial goals. Services range from consultation on financial management, budgeting, and saving, to debt reduction strategies, consumer advocacy and complaint resolution, financial workshops, retirement planning, housing issues and referrals, and education programs for youth and teens.	Servicemembers and their families
Department of Education	Excellence in Economic Education Program	Awarded competitive grant to an organization that conducted activities, and made subgrants to other organizations, to improve the quality of student understanding of personal finance and economics.	Students in kindergarten through grade 12
	Financial Education for College Access and Success Program	Supported state-led efforts to develop, implement, and evaluate personal finance instructional materials and teacher training intended to aid students in making financial aid decisions in relation to postsecondary education.	Students in middle and high-school—generally, grades 6-12
Department of Health and Human Services	National Education and Resource Center on Women and Retirement Planning	Provides women access to a one-stop gateway on retirement, care giving, health, and planning for long-term care.	Low-income women, women of color, and women with limited English proficiency
Department of Labor	Saving Matters Retirement Savings Education Campaign	Workplace campaign to promote retirement savings and understanding of federal retirement law using interactive web tools, print publications, website, public service announcements, seminars, workshops, videos, and webcasts.	Employees, employers, and small businesses
	Wi\$eUp	Eight-module financial education curriculum targeting women. Topics include money basics, credit, saving and investing, insurance, retirement planning, and financial security. Offered online or in a classroom setting.	Generation X and Y women

**Financial Literacy**

<b>Agency</b>	<b>Program or activity</b>	<b>Description</b>	<b>Target audience</b>
Department of the Treasury	Office of Financial Education and Financial Access (now incorporated into the Office of Consumer Policy)	A variety of financial literacy activities and staff support for the Financial Literacy and Education Commission and MyMoney.gov (website on federal financial literacy resources).	All populations
Federal Deposit Insurance Corporation	Money Smart Financial Education Program	Eleven-module financial education curriculum for adults designed to enhance basic financial skills and create positive banking relationships, available in nine languages. Eight-module version is available for young adults. The curriculum is available in instructor-led, computer-based instruction, and podcast (Mp3) formats.	Low- to moderate-income adults outside the financial mainstream and youth ages 12-20
Federal Trade Commission	Division of Consumer and Business Education	Multimedia resources covering topics such as credit, credit repair, debt collection, job hunting, job scams, managing mortgage payments, avoiding foreclosure rescue scams, and identity theft.	Consumers
Office of the Comptroller of the Currency	Consumer education activities	Websites, consumer advisories, public service announcements, community outreach, and print and radio advertisements aimed at educating consumers about banking and other financial issues.	Consumers
Office of Personnel Management	Retirement Readiness NOW	Retirement education strategy designed to provide information that will help federal employees plan for retirement and calculate the investment needed to meet retirement goals.	Federal employees
Securities and Exchange Commission	Office of Investor Education and Advocacy	Provides information to help individual investors evaluate current and potential investments, make informed decisions, and avoid fraud.	Investors
Social Security Administration	Financial Literacy Research Consortium	Supported 2-year cooperative agreements with Boston College, RAND Corporation, and the University of Wisconsin to develop innovative materials and programs to help Americans plan for a secure retirement.	Adults preparing for retirement

**Housing Counseling and Foreclosure Mitigation**

Department of Housing and Urban Development	Housing Counseling Assistance Program	Certifies and oversees housing counseling providers. Provides competitive grants to approved housing counseling agencies that provide pre- and post-purchase counseling, assistance to renters, homeless populations, and those seeking to resolve mortgage delinquency. Counseling may take place in person, over the telephone, or with a self-study computer module or workbook.	Low- to moderate-income families
Department of the Treasury	Financial Education and Counseling Pilot Program	Awarded competitive grants to organizations to provide financial education and counseling to prospective homebuyers.	Prospective homebuyers
NeighborWorks America	National Foreclosure Mitigation Counseling Program	Provides competitive grants to housing counseling agencies to provide one-on-one counseling services for foreclosure prevention.	Homeowners at risk of foreclosure
	Other housing counseling activities	Provides expendable grants for which housing counseling is an eligible activity.	Current and prospective homeowners

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Source: GAO analysis based on information from federal agencies and interviews with agency staff.

Note: According to Treasury and CFPB representatives, as of April 2014, four of the programs listed in the table either no longer existed or no longer received funding—the Social Security Administration’s Financial Literacy Research Consortium, the Department of Education’s Excellence in Economic Education Program and Financial Education for College Access and Success Program, and Treasury’s Financial Education and Counseling Pilot Program.

CFPB, which became operational in 2011, has a primary role in addressing financial literacy.<sup>6</sup> For example, its Office of Financial Education provides opportunities for consumers to access financial counseling; information on understanding credit products, histories, and scores; information on savings and borrowing tools; and help in developing long-term savings strategies and wealth building. The Office of Servicemember Affairs helps educate servicemembers and their families to make better-informed decisions on consumer financial products and services, monitors complaints, and coordinates efforts among federal and state agencies regarding consumer protection measures. The Office of Financial Protection for Older Americans develops goals for programs that provide financial literacy and counseling to help seniors recognize the warning signs of unfair, deceptive, or abusive practices. CFPB’s Office of Fair Lending and Equal Opportunity plays a role in providing education on fair lending. Finally, CFPB created an Office for Students to address complaints and questions regarding student loans.

In addition to specific programs and activities directed at consumers, federal agencies participate in coordination or umbrella efforts. For instance, the 22-member Commission coordinates among other federal agencies and between federal agencies and state, local, nonprofit, and private entities. Also among Commission charges are developing a national strategy for improving financial literacy and proposing means of eliminating overlap and duplication among federal financial literacy activities. Furthermore, since 2008, three Presidential advisory councils related to financial literacy have been tasked, in part, with creating partnerships among federal, state and local, nonprofit, and private entities. Most recently, the President’s Advisory Council on Financial

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<sup>6</sup>CFPB was created by the Dodd-Frank Act, which specified the creation of the bureau’s Office of Financial Education and its role in promoting financial literacy. Pub. L. No. 111-203, § 1013(d), 124 Stat. 1376, 1970 (2010) (codified at 12 U.S.C. § 5493(d)).



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Capability for Young Americans was created by Executive Order in June 2013.<sup>7</sup>

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## Federal Agencies Addressed Several GAO Recommendations, but More Progress Needed on Determining the Best Allocation of Resources

Our reviews of federal financial literacy efforts in recent years have examined, among other things, issues of fragmentation and overlap; the effectiveness of programs; coordination across multiple agencies and between federal, state, local, and nonprofit entities; the potential consolidation of programs or activities; and the need to improve the Commission's national strategy for financial literacy.<sup>8</sup> The following summarizes progress in four areas in which we have observed improvements or successes—coordination, partnerships, CFPB's role, and evaluation tools—and one major area in which we believe significant work remains to be done—determining the most effective and efficient allocation of federal resources.

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### Coordination

Overall, coordination on financial literacy among federal agencies has improved in recent years. As noted earlier, multiple federal agencies have significant financial literacy initiatives. Because of the crosscutting nature of financial literacy, it would be difficult, if not impossible, for one agency alone to address the issue, but coordination among agencies is clearly essential. In our 2006 report, we noted that the Commission enhanced communication and collaboration among agencies involved by creating a single focal point for federal agencies to come together on the issue of financial literacy. In 2011, we suggested that the Commission enhance its

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<sup>7</sup>Exec. Order No. 13646, 78 Fed. Reg. 39159 (June 28, 2013).

<sup>8</sup>For examples of GAO work on financial literacy, see *Financial Literacy: Enhancing the Effectiveness of the Federal Government's Role*, [GAO-12-636T](#) (Washington, D.C.: Apr. 26, 2012); *Highlights of a Forum: Financial Literacy: Strengthening Partnerships in Challenging Times*, [GAO-12-299SP](#) (Washington D.C.: Feb. 9, 2012); *Financial Literacy: A Federal Certification Process for Providers Would Pose Challenges*, [GAO-11-614](#) (Washington D.C.: June 28, 2011); *Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices*, [GAO-11-504T](#) (Washington D.C.: Apr. 12, 2011); *Financial Literacy and Education Commission: Progress Made in Fostering Partnerships, but National Strategy Remains Largely Descriptive Rather Than Strategic*, [GAO-09-638T](#) (Washington, D.C.: Apr. 29, 2009); *Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-100](#) (Washington, D.C.: Dec. 4, 2006); and *Highlights of a GAO Forum: The Federal Government's Role in Improving Financial Literacy*, [GAO-05-93SP](#) (Washington D.C.: Nov. 15, 2004).

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efforts to coordinate federal activities, such as by exploring further opportunities to strengthen its role as a central clearinghouse for federal financial literacy resources.<sup>9</sup> The Commission has addressed this suggestion with a number of additional coordinating activities taken since 2012. These have included an internal web portal to allow federal agencies involved in financial literacy efforts to share information and resources; publication of *2012 Research Priorities and Research Questions* to help coordinate federal research efforts; a clearinghouse of federal research and data on financial literacy; an initiative for coordinating among federal agencies' activities and resources to help parents and teachers prepare children and young adults for financial success; and support to the Office of Personnel Management in promoting agency strategic plans for employee retirement readiness.<sup>10</sup>

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## Partnerships

The Commission has continued to build on its progress in promoting partnerships among federal and nonfederal sectors. Given the wide array of state, local, nonprofit, and private organizations providing financial literacy programs, it is essential to leverage private-sector resources and coordinate federal activities with resources at the community level. We suggested in 2011 that the Commission build on progress it had made in promoting partnerships among the federal, state, local, nonprofit, and private sectors.<sup>11</sup> The Commission has taken actions that address this suggestion. Examples of recent Commission work with nonfederal sectors include the above-mentioned 2012 research report, which the Commission developed in partnership with academic researchers, nonprofit financial educators, and other nonfederal stakeholders, and an initiative to create a community of practice among educators and policymakers. The commission also continued to work in collaboration with the President's Advisory Council on Financial Capability (which ended in 2013) and the new President's Advisory Council on Financial Capability for Young Americans. The new council primarily consists of members from the private and nonprofit sectors, as did the former council.

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<sup>9</sup>[GAO-11-318SP](#), pp. 151-154.

<sup>10</sup>Financial Literacy and Education Commission, *2012 Research Priorities and Research Questions: Financial Literacy and Education Commission Research and Evaluation Working Group* (Washington, D.C.: May 2012).

<sup>11</sup>[GAO-11-318SP](#), pp. 151-154.

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## Delineation of CFPB's Role

CFPB has taken steps to delineate and distinguish its role in financial literacy from that of other federal agencies. In 2011 and 2012, we noted that some of CFPB's financial literacy responsibilities appeared to overlap with those of other federal agencies, and we recommended that steps be taken to ensure a clear delineation of these agencies' respective roles and responsibilities. In its response to a draft of the 2012 report, CFPB neither agreed nor disagreed with this recommendation.<sup>12</sup> We believe this recommendation has been implemented. Since 2012, financial literacy staff from CFPB and Treasury have continued to hold regular meetings to discuss respective roles, and with the emergence of CFPB, Treasury reorganized the structure of its own financial education efforts, incorporating them into the broader Office of Consumer Policy. Similarly, as of March 2013, CFPB's Office of Servicemember Affairs was meeting monthly with staff responsible for financial literacy at the Department of Defense, and the agencies developed two Joint Statements of Principles to help delineate their roles and responsibilities. Furthermore, CFPB's Office of Financial Protection for Older Americans finalized a memorandum of understanding with the Federal Trade Commission in January 2012 to help cooperation on consumer education efforts and promote consistent messages. CFPB's Office of Students developed a memorandum of understanding with the Department of Education designed, in part, to clarify respective areas of focus in providing education on student loans and financial aid.

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## Evaluation Tools

We suggested in 2011 that the Commission and CFPB take steps to develop and disseminate a standard set of evaluation tools or benchmarks to help assess the outcomes and effectiveness of financial literacy programs.<sup>13</sup> This suggestion has been addressed. In September 2012, CFPB signed a contract with the Corporation for Enterprise Development to develop a set of metrics and outcome measures for assessing the success of financial literacy programs. That work is ongoing. CFPB also contracted with The Urban Institute to evaluate financial education programs and increase understanding of which interventions can improve financial decision-making skills in consumers. An interim report was published in January 2014 and the final report is

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<sup>12</sup>[GAO-12-588](#).

<sup>13</sup>[GAO-11-318SP](#), pp. 151-154.

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expected around April 2015, according to CFPB representatives.<sup>14</sup> In addition, the Commission's 2012 study on research priorities sought ways of making the best use of limited dollars to address the most important questions facing the field of financial literacy.

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## Allocation of Federal Resources

We continue to believe that further progress is needed in one area—helping to ensure that the most effective and efficient allocation of federal financial literacy resources occurs and avoids unneeded overlap. As noted earlier, federal financial literacy and housing counseling resources are spread across many agencies, the result of both legislation and programs evolving to address a variety of populations or topics. While our prior work uncovered no duplication, some agencies or programs do have overlapping goals and activities, raising the risk of inefficiency and underscoring the importance of coordination. The creation of CFPB added a new player to the mix. While progress has been made in coordinating with federal agencies that have overlapping financial literacy responsibilities, we noted in 2012 that the creation of CFPB signaled an opportunity for reconsidering more broadly how federal financial literacy efforts are organized. In particular, some consolidation of these efforts could help ensure the most efficient and effective use of federal resources. As a result, in July 2012 we recommended to Treasury and CFPB that the Commission identify for federal agencies and Congress options for consolidating federal financial literacy efforts into the agencies and activities that are best suited or most effective.<sup>15</sup> Commenting on a draft of that report, Treasury agreed with the recommendation, and subsequently CFPB noted its agreement as well, but the recommendation has not been implemented.

The Commission's national strategy could serve as one mechanism for determining how federal resources might best be allocated among programs and agencies, but it does not yet do so. The Commission issued its first national strategy in 2006. We reported that it was a useful first step, but largely descriptive rather than strategic, and only partially included certain key characteristics such as a description of resources

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<sup>14</sup>Brett Theodos, Margaret Simms, Claudia Sharygin, et al., *Rigorous Evaluation of Financial Capability Strategies: Why, When, and How* (Washington, D.C.: January 2014); prepared by The Urban Institute for the Bureau of Consumer Financial Protection.

<sup>15</sup>[GAO-12-588](#)

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required to implement the strategy.<sup>16</sup> In December 2010, the Commission issued its second and most recent national strategy.<sup>17</sup> While it discussed the consumer education resources the federal government makes available to consumers, it still did not address the level and type of resources needed to implement the strategy, or review the budgetary resources available for financial literacy efforts and how they might best be allocated. In July 2012, we recommended that the Commission revise its national strategy to incorporate clear recommendations on the allocation of federal financial literacy resources across programs and agencies.<sup>18</sup> Treasury and CFPB agreed with this recommendation as well, but have not yet implemented it.

We acknowledge that the governance structure of the Commission presents challenges in addressing resource issues: it relies on the consensus of multiple agencies, has no independent budget, and no legal authority to compel members to act.<sup>19</sup> However, the Commission can identify resource needs, make recommendations, and provide guidance on how Congress or federal agencies might allocate scarce federal resources for maximum benefit. Without a clear description of resource needs, policymakers lack information to help direct the strategy's implementation. And without recommendations on resource allocations, policymakers lack information to avoid overlap and help ensure the most efficient and effective use of federal funds.

Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

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## Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact me at (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found

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<sup>16</sup> Financial Literacy and Education Commission, *Taking Ownership of the Future: The National Strategy for Financial Literacy* (Washington, D.C.: April 2006) and [GAO-07-100](#).

<sup>17</sup> Financial Literacy and Education Commission, *Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011* (Washington, D.C.: December 2010).

<sup>18</sup> [GAO-12-588](#).

<sup>19</sup> [GAO-09-638T](#).

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on the last page of this statement. GAO staff who made key contributions to this testimony include Jason Bromberg (Assistant Director); Bethany Benitez; Juliann Gorse; Barbara Roesmann; and Rhonda Rose.

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