

Treasury Announces Federal Financial Literacy Reform Efforts in New Report



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WASHINGTON – The Department of the Treasury today released its report *Federal Financial Literacy Reform: Coordinating and Improving Financial Literacy Efforts*. The Report highlights the importance of financial literacy and education for all Americans, identifies ways to efficiently and effectively deliver financial education, and recommends actions to improve federal efforts to build financial capacity for consumers and communities.

“The Trump Administration is committed to creating the conditions for everyone to benefit from the increased economic growth our Nation is experiencing, and financial literacy is a key component of this effort,” said Treasury Secretary Steven T. Mnuchin. “This report advances our mission to empower Americans to make independent financial decisions, build individual wealth, and save for retirement.”

The United States Government spends approximately \$273 million on financial literacy and education programs. However, a 2012 Government Accountability Office report found that some of the Government’s financial education efforts lacked meaningful coordination, failed to monitor effectiveness, or completed a formal evaluation of their impact. The Report recommends addressing these shortcomings through better coordination, prioritization, and partnership with the private sector and state, local, and tribal governments. In order to reach its findings, the Treasury Department thoroughly reviewed research on financial education and consulted with a broad array of experts, practitioners, and stakeholders. Consultations included academic researchers, nonprofits, state and local governments, trade associations, and other private sector entities.

Best practices for financial education are identified based on the research and experience of many technical experts. These best practices can improve both policy-making and delivery of financial education. A new structure for the Financial Literacy and Education Commission (FLEC) that sets forth clear roles and expectations is proposed to implement these recommendations.

The report and recommendations can be summarized in four categories:

- Governance of Federal Financial Literacy and Education Efforts
 - The FLEC should determine a structure to liaise more consistently with intermediaries and stakeholder groups.
- Coordination of Programs and Proposals for High Impact
 - Treasury recommends better coordination strategies and potential outcome evaluation measures across six high-impact areas that could better frame and streamline federal financial literacy resources.
- Best Practices for Delivery of Financial Literacy and Education
 - Treasury recommends that financial education providers adopt the CFPB’s “Five Principles of Effective Financial Education,” in addition to three newly identified best practices based on Treasury’s stakeholder outreach.
- Future Challenges and Opportunities
 - Treasury recommends that financial education programs evolve to teach consumers how to make informed decisions with respect to new digital financial products and services.

The full analysis and complete list of recommendations can be found in the [report](#).

To coordinate the federal government’s financial literacy efforts, FLEC was established by law in 2003. The FLEC is made up of the heads of 22 federal agencies and the White House Domestic Policy Council. Chaired by the Secretary of the Treasury, the FLEC is tasked with improving “the financial literacy and education of persons in the United States through the development of a national strategy” that promotes participation by the public and private sectors.

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