

2008 Innovations Awards Program
APPLICATION

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ID # (assigned by CSG): 08-E-31PA

Please provide the following information, adding space as necessary:

State: Pennsylvania

Assign Program Category (applicant): Education (Use list at end of application)

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| 1. Program Name | Pennsylvania Office of Financial Education |
| 2. Administering Agency | Pennsylvania Department of Banking |
| 3. Contact Person (Name and Title) | Hilary Hunt, Director |
| 4. Address | 17 North Second Street, Suite 1300 Harrisburg, PA 17101 |
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| 6. FAX Number | 717-214-0808 |
| 7. E-mail Address | hihunt@state.pa.us |
| 8. Web site Address | www.moneysbestfriend.com |

9. Please provide a two-sentence description of the program.

Established in April 2004 by executive order of Governor Edward G. Rendell, the Pennsylvania Office of Financial Education increases the quality and availability of financial education in Pennsylvania's schools, communities and workplaces. It also connects the financial education efforts of various state agencies and manages the *Your Money's Best Friend* public website (www.moneysbestfriend.com).

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2008 to be considered.

As of March 1, 2008, the program will have been operational for 3 years and 10 months. It began on April 29, 2004.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

For over a decade, Pennsylvania, like much of the country, saw a significant decline in personal savings rates, an increase in personal bankruptcy and foreclosure filings, and rising percentages of family income devoted to servicing debt. Meanwhile an understanding of personal finance had become increasingly important as the financial system evolved resulting in an expanded availability of credit, a wider array of savings and investment products, and an increased responsibility for retirement savings by individuals.

Stricter oversight and better enforcement of the financial marketplace was necessary, to be sure; but given the complexity of the financial marketplace and the lag between product innovation and financial regulation, among the best ways to protect consumers was to help them gain knowledge and skills so they have a better shot at protecting themselves. While many state agencies, nonprofit organizations, businesses and other entities address financial literacy issues, there was limited coordination among them and no single point of contact devoted to the issue in Pennsylvania state government.

12. Describe the specific activities and operations of the program in chronological order.

2004

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| April | Office of Financial Education established and its director named. Also established was the Governor's Task Force for Working Families which had as part of its mission creating recommendations for improving financial literacy in the state. (More information available at http://www.banking.state.pa.us/banking/cwp/view.asp?aid=1354&q=547312&bankingNav= 32150 32185) |
| May – August | Two dozen public forums held throughout the state by the task force to elicit public feedback and input on financial education. |
| September – December | Meetings of the task force held to develop recommendations. |

2005

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| January | Recommendations of the task force delivered to the Governor. These recommendations emphasized the importance of financial education in the commonwealth and informed the structure for the office's ongoing work and resulted in an expansion of the office's staff and budget. (See full recommendations at http://www.banking.state.pa.us/banking/cwp/view.asp?aid=1354&q=547319&bankingNav= 32150 32185) |
| March | Office expands to include a financial education specialist. |

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| | April | Governor Rendell proclaims April as Financial Education Month in Pennsylvania. |
| | June | Partnership with Pennsylvania Department of Education formalized to provide teacher training to nearly 100 teachers in first weeklong Governor's Institute on Financial Education (provided going forward on an annual basis). |
| 2006 | January | Office expands to include two additional financial education specialists. |
| | April | Governor Rendell proclaims April as Financial Education Month in Pennsylvania. <i>Your Money's Best Friend</i> website (www.moneysbestfriend.com) is launched to link individuals to local programs and services through a zip-code based search function and provide plain-language introductory information on a variety of financial topics. |
| | July | Second Governor's Institute on Financial Education for K-12 teachers offered in partnership with Department of Education. |
| | September | Pilot program launched that over the next three months brought financial education to nearly 500 employees at four state agencies. |
| 2007 | April | Governor Rendell proclaims April as Financial Education Month in Pennsylvania. |
| | June | First statewide gathering of community-based financial educators held to provide training and resources. |
| | July | Third Governor's Institute on Financial Education held in cooperation with Department of Education. |
| | October | Provided "Financial Football" game and lessons to every high school in Pennsylvania in partnership with the National Football League. |
| 2008 | January | Survey of Pennsylvania employers launched to identify promising practices in workplace financial education and ascertain the needs of businesses and organizations in starting or expanding their financial education efforts. |

13. Why is the program a new and creative approach or method?

The Pennsylvania Office of Financial Education is the only office of its kind in the country to have been created by executive order and given the Governor's imprimatur to work with and for all state agencies on the matter of financial education. While other states have tried to tackle financial education, these have been done by single agencies and with little cooperation or coordination with other efforts.

In addition, while the state has three agencies that regulate financial institutions (banking, insurance and securities) and another dedicated solely to education, the banking department is funded by the financial institutions that it regulates. Thus the Office of Financial Education was established and has grown without any impact on Pennsylvania taxpayers or the state's general fund. Yet, the office's school-based financial education specialist is fully integrated as a staff member of both the Office of Financial Education and the Department of Education's Bureau of Teaching and Learning and maintains an office in each location. Additionally, the Department of Banking provides funding to the Department of Education to offer the Governor's Institute on Financial Education each year. It is the only institute that receives funding from an outside agency.

Among the most crucial innovations, however, is that—with very few exceptions—the Office of Financial Education does not seek to deliver “retail” financial education services to the state's citizens. Rather, in order to maximize the reach of the state's investment, the office builds the capacity of teachers as well as community and workplace financial educators to better deliver this crucial information. The partnerships the office maintains with schools, community-based organizations, and employers as the primary deliverers of financial education is unique. Through these partnerships the office has provided professional development to over 1,500 Pennsylvania teachers and more than 200 community-based organizations and employers.

Finally, the *Your Money's Best Friend* website (www.moneysbestfriend.com)—one of the rare exceptions that provides direct services to citizens—which the office spent over a year developing is an innovative approach to providing access to financial education information for Pennsylvania consumers. The site provides one central source to learn about financial topics and be provided with Pennsylvania-specific information on topics that demand is (such as state taxes, assistance programs, etc.). Most notably, though, the site features a zip-coded based search function through which individuals can locate organizations that are offering quality financial education programs or services in their area. Included in these are budget, credit and homeownership counseling, state-endorsed foreclosure prevention services, and asset building programs.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The program's original start-up costs were minimal. The office first began with one staff member, its director, and a very limited operating budget. Existing office space, technology, and support staff were used. The total first year costs were under \$150,000.

15. What are the program's annual operational costs?

Current annual operating costs (including personnel) are approximately \$700,000.

16. How is the program funded?

It is funded by the assessments, fees and fines paid by Pennsylvania's regulated financial community. No general fund or taxpayer dollars are used to fund the program.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

Executive Order 2004-7 Financial Education and Literacy (available at http://www.banking.state.pa.us/banking/lib/banking/about_dob/special%20initiatives/office%20of%20fe%20executive%20order.pdf)

18. What equipment, technology and software are used to operate and administer this program?

Standard office equipment and software are used to operate and administer the Office of Financial Education. The *Your Money's Best Friend* website was developed by an external vendor. Content is updated through an online content management system. The database of organizations, programs and services is managed by a custom-built administrative website.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes. The innovator was A. William (Bill) Schenck III, former Secretary of Banking. His current contact information follows:

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20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Pennsylvania is the only state in the nation to have such an office and to provide support to the entire array of financial education service providers in the state.

Additionally, it is the only effort to have a Governor's imprimatur to work with and for all state agencies. Financial education efforts in other states are much more limited in scope. For example, in some states the state treasurer has embraced financial education and implemented speaker's bureaus and teacher training. In other states the securities regulator has taken measures to curb investment fraud.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

The structure is in place. Programs are still developing.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

The big picture outcomes the office was created to address are multi-faceted and will take years, in some cases decades, to see results. Nonetheless, the program has a great deal of anecdotal information with regards to its success and effectiveness. Performance measures have recently been developed and will be put into place in the upcoming fiscal year.

23. How has the program grown and/or changed since its inception?

Starting a program from scratch requires conceptualization, research and product and service development before program delivery can begin. The Office of Financial Education focuses in three different sectors. Working with schools, for example, the office is at the point of product delivery. With employers, the office is still in the product development stage.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

The key to the success of the Pennsylvania Office of Financial Education has been the government version of the private sector concept "patient capital." That is, this sort of program takes time to mature. Having a dedicated funding source, not subject to the same sort of annual appropriations scrutiny and political desire for immediate outcomes, is crucial.

It is also challenging to narrow the scope of possible program areas to those that are most effective uses of government funds. In the world of financial education, there are thousands of worthy projects and it is a challenge to—and sometimes politically unpopular—to maintain a strategic focus.