

## Supporting Statement for Paperwork Reduction Act Submissions

### A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Title V of the Fair and Accurate Credit Transactions (FACT) Act of 2003 established the Financial Literacy and Education Commission (FLEC), named the Secretary of the Treasury as Chair of the Commission, and designated Treasury's Office of Financial Education (OFE) to lend its expertise and provide primary support to the Commission. The OFE strives to promote policy solutions, sharing information, and encouraging greater efficiency of initiatives within the government and the private sector to ensure that all Americans have the skills, knowledge, and access they need to make wise financial choices through.

In 2009, Treasury brought all member agencies together to identify key priorities for the FLEC. Based in large part on its Congressional mandate, the FLEC members agreed on four areas of strategic focus and created working groups for each: National Strategy, Outreach and Communications, Core Competencies, and Research and Evaluation. This Paper Reduction Act submission is specifically about the development of the core competencies.

The Core Competencies Working Group was created because the Federal government is uniquely positioned to address the lack of a common understanding of what the field of financial education collectively is trying to achieve. Treasury, in conjunction with the FLEC's Core Competencies Working Group, identified five core concept areas: (1) earning, (2) spending, (3) saving and investing, (4) borrowing, and (5) protecting against risk (Exhibit 5).

The ultimate goal is to put this set of core competencies into a format and language that is easily accessible and easily remembered – analogous to the “food pyramid.” In order to achieve this, the OFE entered into a contract with PowerTrain, Inc., a subcontractor of Office of Personnel Management – Emerging Solutions, to: 1) conduct formative research on the development of various successful campaigns including the food pyramid in order to develop the branding and positioning concepts related to the core competencies, 2) test concept among various audiences, 3) identify successful methods to impart financial capabilities and other comparable services, and 4) develop strategic marketing plan to make the core competencies accessible to the U.S. population with customized sub-plans for different target groups.

The contractor is using focus groups to accomplish the formative research phase (to select and understand target audiences and develop draft marketing strategies). The contractor is also using the focus group data collection method to evaluate a short list of

alternative strategies and tactics, ensure that potential executions have no major deficiencies, and fine-tune possible approaches so that they speak to the target audiences in the most effective way.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The contractor will use the information to: a) select the best concept, and b) to assess whether different concepts are appropriate for different audiences.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Data collection would be done through approximately 10 focus groups across the country and the only technology used would be audio and visual recording devices.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

As mentioned above, the field of financial education lacks core financial competencies. Given that core financial competencies to be tested are new, there is no duplication of existing materials.

- 5. IF the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

The information collection does not impact small businesses.

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The contractor might select a suboptimal or less effective concept to deliver/communicate the core competency messages if we make incorrect assumptions about how different audiences will react.

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner:** \* requiring respondents to report information to the agency more often than quarterly; requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; requiring respondents to submit more than an original and two copies of any document; \* requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; \* in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study; requiring the use of a statistical data classification that has not been reviewed and approved by OMB; \* that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or \* requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

We will not require respondents to meet any of the listed special circumstances.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

The draft core competencies document was submitted for public comment on August 26, 2010 via Federal Register notice by the Department of the Treasury. As stated in the Federal Register, the comment period closed on Sunday, September 12, 2010. All comments received through approximately noon on Monday, September 13, 2010 were accepted. In total, approximately 230 comments were received.

The comments were distributed to each of the members of the Financial Literacy and Education Commission's Core Competencies Working Group (Treasury, HHS, OPM, FDIC and USDA). Members of the working group reviewed the comments in detail. The Commission was established by Title V of the Fair and Accurate Transactions Act of 2003 and is composed of 22 entities.

The Work Group met on Friday, September 24, 2010, to discuss the comments and consider edits to the document. A guiding principle of the work was that the document needed to reflect the fundamental concepts that all consumers should know, and be at the "mile-high" level. An attempt was also made to ensure that the core competencies were clearly and precisely worded, and that the knowledge and action/behavior sections were consistent.

The Work Group noted that the comments were generally highly supportive of the effort. Some comments suggested more micro-level edits to include very specific knowledge or skills that had been captured at the mile-high-level, and others pointed out opportunities for us to clarify and enhance certain elements, such as references to investment.

The work group made at least 20 edits to the core competencies document based on the public comments. The edits are reflected in version attached to this form (Exhibit 1).

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

The contractor will provide respondents with a financial incentive to participate in the focus groups (approximately \$75).

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

Respondent information will be kept confidential as allowed and required by law.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

The subcontractor will ask questions on previous financial knowledge and planning to determine how to prioritize the different financial core competencies (Exhibit 4). The description informs potential respondents about the discussion content. The consent form requires a signature prior to data collection (Exhibit 2).

**12. Provide estimates of the hour burden of the collection of information.**

We expect 252 hours will be allocated for data collection. 120 respondents (12 respondents in 10 focus groups) will participate in one, two hour session, totaling 240 hours. We need 10 groups to reflect the different demographic (age, gender), socio-economic (unbanked, banked low income, banked middle income), and geography groups (west coast, mid west, east coast, and south). Twelve additional hours will be added to capture travel time for a total of 252 hours.

**13. Provide an estimate for the total annual cost burden to respondents or Record-keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

It is generally accepted as a standard industry practice to offer an incentive to individuals who participate in focus groups. Since participants are giving their personal time and have to commute to and from the facility, providing them with an incentive is a way to compensate them for their time and participation. In addition, offering an incentive increases participation rates and in turn reduces recruiting costs.

The contractor expects to pay about \$1,200 to the respondents (\$100/respondent x 120 respondents).

**14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.**

Please see Exhibit 3.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

N/A

- 16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

Please see Exhibit 3 for a list of activities and time table of deliverables.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

N/A

- 18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

N/A