

April 23, 2015



Dear Presidents and Chancellors,

President Obama recently issued a [Presidential Proclamation](#) committing the Administration to renew its efforts to support individuals in making “informed financial decisions that will open doors into the middle class and help ensure economic security for all.” The U.S. Department of Education is committed to following through on this directive by encouraging and supporting institutions of higher education in their efforts to improve the financial capability of postsecondary students.

Last month, I participated in a roundtable discussion on financial capability at community colleges convened by Under Secretary Ted Mitchell. The participants were a diverse group that included community college presidents and financial aid administrators, researchers, associations, and other policymakers. The intent was to focus on strategies for creating a culture of financial capability on community/technical college campuses nationwide. Representatives of the [President's Advisory Council on Financial Capability for Young Americans](#) discussed the Council and noted that feedback from this event and others would inform the report the Council will make to President Obama later this year.

There are many reasons every community/technical college across the country should make financial capability a high priority, our participants noted. Helping to improve the financial literacy and decision-making of our students develops skills that will benefit them for the rest of their lives, and it helps colleges decrease the risk of their students defaulting on federal student loans. Rising cohort default rates at community/technical colleges are a serious issue – and one with real consequences for both students and schools, as high CDR rates threaten the ongoing eligibility of colleges to participate in Title IV federal student aid programs.

Student success initiatives at community/technical colleges are often closely connected to improving the financial capability of their students. While not a panacea, it is clear that students with sound financial management skills are better able to handle short-term financial shocks in their lives and persist with their education through to completion. And research clearly shows that students who complete their programs of study are much less likely to default on their student loans.

Promoting a culture of greater financial capability at community/technical colleges cannot be viewed as the sole responsibility of financial aid administrators or the student advising office. It

has to be a campus-wide mission that gets faculty and staff from across the campus involved, and of course support from campus leadership is essential.

If you are looking for ideas and ways in which your institution can work to improve the financial capability of your students, the Federal Reserve Bank of Boston recently published a [resource handbook](#) with a number of detailed community college case studies and strategies for empowering students to take charge of their financial lives. Another resource that you may find useful is Federal Student Aid's [Financial Literacy Guidance](#), which provides a framework for institutional professionals to use in informing student borrowers about key financial concepts to help students make informed budgeting, borrowing, and loan repayment decisions. This Guidance and many other key financial literacy resources to assist guidance and education professionals can be found on the FSA's [Financial Aid Toolkit](#). Additionally, the Federal Financial Literacy and Education Commission has developed a repository of free financial education materials, tools and research that can be found at [www.mymoney.gov](http://www.mymoney.gov).

If this is work your college is already engaged in, I would encourage you to share any best practices or learning points you may have. We are interested in learning more about innovative and proven efforts at community/technical colleges to help improve the financial management skills of their students. If you would like to share any best practices or innovative strategies for promoting the financial capability of community/technical college students, please email them to [FinancialLiteracy@ed.gov](mailto:FinancialLiteracy@ed.gov).

The Department of Education is committed to working with our partners across the federal government to promote financial capability for all Americans, especially students in higher education. The White House is a strong supporter of these efforts, and we are working together to maintain the momentum to increase the financial capability of community/technical college students nationwide and support their ongoing success in higher education and beyond.

Thank you,

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