



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

August 1, 2007

Christopher L. Williston, President & CEO
Independent Bankers Association of Texas (IBAT) and
Robert Hulsey, President & CEO
American Bank, Terrell, Texas & Chairman
IBAT Education Foundation
1700 Rio Grande Street
Suite 100
Austin, Texas 78701

Subject: IBAT Educational Foundation

Dear Messrs. Williston and Hulsey:

I have been asked to respond to your letter of June 20, 2007, on behalf of Comptroller Dugan. Your letter requests the OCC's opinion that bank involvement in various financial literacy efforts receive favorable CRA consideration for those bank activities.

Background

The Program

Four years ago, the IBAT created the IBAT Education Foundation, the mission of which is to "build financially literate communities." The foundation has been successful in meeting its initial goal of raising \$1 million to support its mission, and has set a new goal of \$10 million. The foundation has also worked to collect financial educational resource information, which it has made accessible to parents, teachers, students, and bankers on its website (www.ibat.org).

In 2005, the Texas legislature passed an unfunded mandate requiring Texas high schools to incorporate financial education into the junior year by June 2007. The Texas Education Agency has approved the foundation's website of resource information as meeting the 12 criteria outlined in the mandate. At the request of IBAT-member banks, the foundation created a kit for bankers to use to approach their local schools to suggest a solution for meeting the June 2007 mandate.

In 2004, the foundation selected the Junior Achievement (JA) program in Texas as a partner to work in collaboration in two areas:

- Classroom financial literacy teaching using JA curriculum with proven test score results (for grades kindergarten through twelfth). For this statewide effort, the foundation is coordinating the call for bank volunteers to teach the JA financial literacy/entrepreneurship curricula in local independent school districts. The foundation will match volunteers with local JA chapters for teaching opportunities.
- Building an experiential center in east Austin, Texas that promotes hands-on financial education and entrepreneurial skills for students in fifth and seventh grades. The center will include three learning pods: Finance Park and Biz Town, aimed at seventh graders and fifth graders, respectively; and a training lab/community room.

Biz Town and Finance Park are JA elementary school programs designed to encourage students to learn about the world of work through active participation in a simulated village. Both Biz Town and Finance Park will look like small town squares with store fronts. After students have been instructed in economic concepts and prepared for their simulation roles in their schools, students spend a day at the center, where they engage in hands-on activities in the storefront businesses. When students return to their schools after their field trip, teachers review the concepts and students' experiences. The experience is intended to help students develop entrepreneurship and financial accountability skills, balance the books for each of their respective businesses, and measurably improve their financial education. In other cities where JA has similar centers, pre- and post-tests of students show measurable improvement in financial education among students who received both classroom training and the experiential center role playing model over those students who received only classroom training.

The training lab/community room at the center will be used primarily for volunteer and staff training, as well as be made available to local nonprofit organizations and their boards for added public exposure of the center.

You also provided additional information about the area in which the center will be located. The site of the center is in a moderate-income census tract (0008.03). Further, it is located approximately four blocks outside the area targeted by the Central Austin Revitalization Plan (CARP). Although the center could be a field trip destination for any Texas school with fifth- and seventh-grade financial literacy classes, the two elementary schools closest to the center both have student populations that are over 93 percent economically disadvantaged, with over 50 percent of that population labeled "at-risk."

Banks' Involvement

The foundation envisions that banks could become involved with its efforts in two ways. First, banks may contribute funds to the foundation to support the financial literacy efforts and to build and support the JA experiential center in Austin. Second, banks could provide bank personnel to teach financial education classes within this program throughout Texas.

Discussion

The CRA regulations provide that a bank may receive positive consideration for loans, investments, and services that have as their primary purpose community development. "Community development" is defined to include, among other things, "community services targeted to low- or moderate-income individuals." 12 CFR 25.12(g)(2).

The agencies have provided guidance in the form of Interagency Questions and Answers Regarding Community Reinvestment. See 66 Fed. Reg. 36,620 (July 12, 2001) and 71 Fed. Reg. 12,424 (Mar. 10, 2006). This guidance addresses financial literacy programs in two ways. First, the guidance states that an example of a community development service is "establishing school savings programs and developing or teaching financial education curricula for low- or moderate-income individuals." 71 Fed. Reg. at 12,432. The guidance also states that an example of a qualified investment is an investment, grant, deposit or share in or to "not-for-profit organizations serving low- and moderate income housing or other community development needs, such as counseling for credit, homeownership, home maintenance and other financial services education." *Id.* at 12,433. Therefore, in response to your question, to the extent that the banks' activities (either contributing funds to the foundation or providing staff to teach financial literacy programs) provide literacy education targeted primarily to low- and moderate-income individuals, banks' activities in connection with the programs would receive positive CRA consideration.

The JA experiential center will be located in a moderate-income area near, but not in, the area targeted by the CARP. The center will be built on donated land in an area undergoing revitalization in east Austin. The land sits along a railroad line that is being repurposed into a light rail line, which will be a valuable transportation link to the center.

Another definition of "community development" is "activities that revitalize or stabilize low- or moderate-income geographies." 12 CFR 25.12(g)(4)(i). The interagency guidance provides additional explanation: "Activities that revitalize or stabilize a low- or moderate-income geography are activities that help to attract and retain businesses and residents. ... [E]xaminers will determine whether the activity is consistent with the community's formal or informal plans for the revitalization and stabilization of the low- or moderate-income geography." 66 Fed. Reg. at 36,626. Although the JA center will not be located within the area of the CARP, the center appears to be consistent with the goals of the plan. One of the objectives under the Economic Development goal of the CARP is: Develop and implement employment training, on-the-job training, education, and placement programs at all levels (skilled and unskilled) for present and long-term employment."¹ Even though the students that will use the center are still in elementary school, the economic and financial literacy training that they will receive may assist them in obtaining employment in the future. In addition, an objective under the CARP's Neighborhood Organization goal is: "Create partnerships for training and technology with surrounding educational and religious institutions."²

¹ Draft East Austin Community Redevelopment Plan (May 18, 2001) at 4.

² *Id.* at 8.

Even though the center is just outside the CARP-designated area, it appears that development of the center would be consistent with the plans to revitalize the east Austin area. And, because the center is located in a moderate-income area adjacent to the CARP-designated area, providing funds to develop the center also should receive CRA consideration as an activity to revitalize or stabilize a low- or moderate-income area.

I trust this is responsive to your inquiry. If you have further questions, please contact me at (202) 874-5750.

Sincerely,

A handwritten signature in blue ink that reads "Michael S. Bylsma". The signature is written in a cursive style.

Michael S. Bylsma
Director
Community and Consumer Law Division