

**Testimony of Mr. Morgan Brown, Assistant Deputy Secretary for  
Innovation and Improvement, Department of Education  
Before the Subcommittee on Oversight of Government Management, the Federal  
Workforce, and the District of Columbia  
Senate Committee on Homeland Security and Governmental Affairs  
Hearing on The Federal Government's Role in Empowering Americans to Make  
Informed Financial Decisions**

**April 30, 2007**

Good Afternoon, Chairman Akaka, Ranking Member Voinovich and distinguished members of the subcommittee. Thank you for the opportunity to appear before you today to discuss the important topic of financial literacy and what the U. S. Department of Education is doing to address this issue.

In recent years, financial literacy has gained attention as it has become more apparent that improving financial education in our nation's schools is important to ensure that young people are equipped with the necessary skills to make sound financial decisions.

Today, I first would like to discuss the initiatives being conducted under the Excellence in Economic Education program and how it is building capacity in the schools and improving financial literacy in our country. Then, I would like to discuss our efforts to increase financial literacy through our partnership with the Financial Literacy and Education Commission.

**Excellence in Economic Education Program**

The EEE program is administered by the Office of Innovation and Improvement, which I head. The EEE program promotes efforts to increase the economic and financial literacy of elementary and secondary students. The objectives of the program are to: (1) increase students' knowledge of and achievement in economics; (2) strengthen teachers' understanding of and competence in economics; (3) encourage economic education research and development, disseminate effective instructional materials, and promote the replication of best practices and exemplary programs that foster economic literacy; (4) assist States in measuring the impact of education in economics; and (5) leverage and expand increased private and public support for economic education partnerships at the national, State, and local levels.

Under the statute, the Department is authorized to award one competitive grant to a national nonprofit educational organization whose primary mission is to improve the quality of student understanding of personal finance and economics. The grantee must subgrant 75 percent of its grant funds to State or local educational agencies and State or local economic, personal finance, or entrepreneurial education organizations. The subgrantees must work in partnership with other organizations that promote, among other things, personal finance education and economic development. The grantee must use its remaining grant funds to: (1) strengthen and expand its relationships with State and local personal finance, entrepreneurial, and economic education organizations; (2) support K-12 teacher training programs; (3) support research on effective teaching practices and the

development of assessment instruments to document student understanding of personal finance and economics; and (4) develop and disseminate appropriate materials to foster economic literacy.

Over the three-year life of the program, the Department has awarded almost \$4.5 million in grant funding. In fiscal year (FY) 2004, we awarded a \$1.48 million grant to the National Council on Economic Education (NCEE), and in FY 2005, through a second competition, we provided approximately \$1.47 million in first-year support under a five-year grant to the same organization. Subsequently, in FY 2006, we provided the NCEE a second-year continuation award for approximately \$1.47 million. Over the past three years, NCEE has implemented a variety of initiatives designed to improve financial literacy in our schools. NCEE's mission is to promote economic and financial literacy for all students in grades K-12 through its network of State councils and university-based centers, by training thousands of teachers who will reach millions of students. NCEE's project activities are intended to help students to develop the skills they need to become knowledgeable consumers, savers, investors, and effective participants in a global economy.

To date, NCEE's activities under the EEE program include:

### **Direct Activities**

#### ***(a) Strengthening and expanding relationships with State and local personal finance, entrepreneurial, and economic education organizations.***

- NCEE annually awards a capacity-building grant to a State Council or Center for Economic Education to provide technical and professional assistance to school districts and educators in enhancing the quality of economic education instruction in local schools.
- In March 2005, NCEE convened a National Summit on Economic and Financial Literacy. Attended by business executives, economists, policymakers, educators, and education advocates, the National Summit addressed the key issues and challenges in providing universal economic education to students in the 21<sup>st</sup> Century.
- NCEE published the *Survey of the States: Economic and Personal Finance Education in Our Nation's Schools in 2005*. This "report card" provides a State-by-State analysis on educational standards for K-12 economic and personal finance education. The grantee distributed the survey to local providers of economic and financial education, business leaders, and school districts throughout the country.

***(b) Supporting and promoting training of K-12 teachers in economics, including the dissemination of information on effective practices and research findings regarding the teaching of economics.***

- NCEE annually convenes its Global Association of Teachers of Economics (GATE) conference, at which the Council offers teacher training and resources to teachers and economic educators nationwide. NCEE provided full scholarships to 10 high school teachers of economics to attend this year's conference.
- NCEE publishes a quarterly newsletter and has developed a website to benefit the GATE, the first professional association for teachers of economics. GATE is intended to help teachers become more proactive in their professional development and improve the quality of economic education instruction for their students through access to teaching resources, networking and training opportunities, and best practices.

***(c) Supporting research on effective teaching practices and the development of assessment instruments to document student understanding of personal finance and economics.***

- NCEE conducted a national study on pre-college economic education regarding its delivery within the U.S. educational system and its impact on students in grades K-12.

***(d) Developing and disseminating appropriate materials to foster economic literacy.***

- NCEE developed the *Virtual Economics 3.0* CD-ROM, a teaching resource on economics for K-12 teachers, that includes over 800 cross-disciplinary lessons covering economic and financial concepts. NCEE distributed the CD-ROM to over 14,000 school districts.

**Subgrant Activities**

Through the EEE Program, NCEE has awarded nearly \$3.35 million and made 310 subgrants to State and local educational agencies as well as State and local organizations that provide economic, personal finance, or entrepreneurial education programs. To ensure greater cost-effectiveness and corporate community involvement, sub-grantees are required by the EEE program statute to match their Federal funding dollar for dollar. These subgrantees are implementing activities in the following areas:

- Collaboratively establishing and conducting teacher training programs for teachers of grades K-12, including those who teach disciplines other than economics and financial literacy, on the teaching of economics, personal finance, and entrepreneurship.
- Providing resources to school districts that desire to incorporate economics and personal finance into the curricula of their schools.

- Conducting evaluations of the impact of economic and financial literacy education on students.
- Conducting economic and financial literacy education research.
- Creating and conducting school-based student activities to promote consumer, economics, and personal finance education and to encourage awareness and student academic achievement in economics.
- Encouraging replication of best practices in promoting economic and financial literacy.

My Office is measuring the performance of the grantee by determining the percentage of students and teachers trained under the project that demonstrate an improved understanding of personal finance and economics as compared to similar students whose teachers have not had the training provided by this project. We expect to have baseline information by the end of the current fiscal year and comparison data a year later.

With regard to the future of the EEP, the President's Budget requests no funding consistent with the Administration's policy of eliminating small categorical programs that have limited national impact and reallocating these funds to high priorities. Districts that wish to implement economic education activities can use funds provided under other Federal programs to do so. For example, the Improving Teacher Quality State Grants program supports efforts to ensure that all teachers of core academic subjects, including economics, are highly qualified, so funding under that program may be used for professional development activities in economics.

The Administration also believes that the National Council on Economics Education can continue, and even expand, its activities without support from this Federal program. The Council is located in New York City, in the heart of the financial services industry, which has a clear and appropriate interest in the development of a financially and economically literate citizenry. In the past, the Council has received grants and contributions from such private firms and foundations as AT & T, Merrill Lynch, the Vanguard Group, Wells Fargo, Moody's and the American Express Bank of America, Kaufman, and Verizon Foundations. Yet, these types of entities represent something of an untapped resource. In 2005, private grants and contributions represented only a small portion of the Council's revenues. With greater outreach to the private sector, the Council should be able to more than make up for the loss of Federal funding for this program.

In addition to administering the Excellence in Economic Education program, the Department of Education continues to work in partnership with the Financial Literacy and Education Commission in its efforts to improve financial literacy in our country. As prescribed in the Commission's publication, "*Taking Ownership of the Future: The National Strategy for Financial Literacy, Call to Action 10-1*", the Departments of Education and Treasury co-hosted a two-day Kindergarten through Postsecondary Financial Education Summit. Attendees included a diverse group representing educational agencies and foundations, banking and investment institutions, non-profit organizations and private corporations. The focus of the summit was to engage public and private financial education practitioners in a dialogue to discuss innovative strategies to promote the integration of financial education into the core curriculum.

In closing, let me once again thank the Committee for inviting me to speak today. We will continue to monitor the effectiveness of our grant to the National Council for Economics Education and to work with the Department of the Treasury on future financial literacy initiatives.