



National Council on Economic Education

**Testimony of Dr. Robert F. Duvall
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before the
House Committee on Financial Services**

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Chairman Frank, Ranking Member Bachus and Members of the Committee:

Thank you for inviting me to testify today on the timely, critical, and vital issue of the federal government's role in empowering all Americans to make informed financial decisions. It is especially fitting for the Committee to hold this hearing during Financial Literacy Month. As a member of the newly formed President's Advisory Council on Financial Literacy, as a parent, as an educator, and as a citizen, I commend you for focusing attention on the issue. There are few matters which more directly address the traditional American virtues and values of self-reliance, individual responsibility, and good citizenship.

Who We Are and What We Do

My organization, the National Council on Economic Education (NCEE), is a champion of financial literacy and a leader in the field. The NCEE is a unique nonprofit, nonpartisan, independent organization directed by an outstanding governing Board of national volunteer leaders from education and business, with the clear and compelling purpose of helping young people learn to think and choose responsibly and successfully. For 60 years, NCEE has been leading the charge to improve economic and financial literacy through education in the nation's schools. Today, both the need for what the NCEE does best, and the opportunities to make an effective difference in meeting that need, are greater than ever.

The NCEE is a founding, and active, member of the Jump\$tart Coalition for advocacy for financial literacy, and we are a principal participant in Financial Literacy Day on Capitol Hill, on April 28th.

We at the National Council on Economic Education believe our young people need to know and deserve to know about the economic system they will be working in, contributing to, benefiting from, and ultimately, inheriting. Since our founding, we have learned that the basics of financial literacy, taught early, often, and well, are a key to our nation's continued success in the global economy. Our charge is to ensure that all our young people are empowered with an "economic way of thinking", that will help them make good decisions about managing their resources—as members of families and communities, in the workforce, and as citizens.

The need is great. A survey released by the Jump\$tart Coalition last Wednesday states that high school students' financial know-how has gone from bad to worse.

The NCEE is committed to doing something about this problem – today, and for the day after tomorrow. We are differentiated by our mission. We believe that financial literacy comes through effective economic education, that this education must be part of the core learning experience that our young people get while they are in elementary and secondary school.

Financial circumstances keep changing. The basic principles of economics – cost/benefit, opportunity cost, supply and demand – do not. We want to teach all our young people a skill set – that is, get into their heads and hands a "tool kit" – that they can use, and apply, all their lives.

NCEE delivers its program both directly and through a unique nationwide network of affiliated State Councils and university-based Centers for Economic Education. Through these channels we reached 150,000 K-12 teachers and over 15 million students in more than 70,000 schools in 2007. In 2008, we will be launching an on-line platform for reaching and teaching thousands more teachers in underserved areas.

NCEE is the premier source of teacher training and teaching materials used to instill an understanding of basic economic and financial principles for students in kindergarten through 12th grade. NCEE's materials are the state-of-the-art and the standards-setter in the drive to improve economic and financial literacy. And teaching teachers has a powerful "multiplier effect," as those teachers impact students year after year. We believe this school-based approach is the best means to improve financial literacy over the long haul.

NCEE also conducts a distinctive international teacher-training program, which carries our free market principles to the world. Congress has provided funding for the NCEE's Economics *International* program through the *Cooperative Education Exchange Program* (CEEP). This program has been a tremendous success story in international outreach and education, serving 31 foreign countries and reaching more than 13.2 million students since 1995. NCEE is grateful for Congress' continuing support for this important initiative. NCEE is now working strategically to expand the reach of its international programs, with a special focus on the nations of our own hemisphere.

The Challenge

The need to strengthen, expand and enhance education in economics and personal finance in our nation's schools remains urgent. The issues faced by the Financial Services Committee in recent months are stark examples of this need. ***We must prepare our young people, while they are in school, with the basics of economic and financial literacy so that they can succeed in life.*** There is now widespread agreement for these propositions among policymakers, business leaders and educators. The challenge is to transform this consensus into action.

What Can Be Done?

In order to address the economic and financial literacy gap, our elementary and secondary schools must integrate standards-based economic education into their core curriculum. The NCEE, through its Economics *America* program, along with other partners, is striving to accomplish this goal. The federal government plays a critical role in providing resources for these efforts through the *Excellence in Economic Education* (the EEE) program.

Congress authorized the EEE program as part of the No Child Left Behind Act "to promote economic and financial literacy of all students in kindergarten through grade 12." Congress specified that the Department of Education awards EEE funding through a competitive grant to a primary grant recipient. This organization then uses the funds to: strengthen relationships with state and local economic education and financial literacy entities; support K-12 teacher training; support research and assessment of economic and personal finance education; and develop and distribute economic and personal finance educational materials. The primary grant recipient must also distribute 75% of the funds to state and local education organizations.

In 2004, at the inauguration of the EEE program, in a competitive application process, the U.S. Department of Education selected NCEE to administer and implement this important initiative. Since that time we have been proud to play this important role, distributing over 800 subgrants to state and local educational organizations and conducting several important activities directly that are advancing the field. We are grateful for our continuing, productive work with the Department of Education in ensuring and maximizing the effective, efficient use of these funds, and magnifying the impact of a relatively small dollar amount.

The EEE directly supports the most important actions educators can take to improve economic education in our elementary and secondary schools:

- Professional development for teachers;
- Distributing high quality, standards-based and standards-setting educational materials to teachers and classrooms;
- Fostering active learning for students; and
- Evaluating and assessing economic and financial education outcomes and promoting “best practices.”

Since 2004, Congress has provided consistent support for EEE, thanks in no small part to the splendid efforts of Congressman Hinojosa and Congresswoman Biggert.

Teaching the Teachers

Well-prepared teachers instill in children a sense that they are themselves future stakeholders, decision-makers and movers of the American economy. Through innovative lessons, simulations and other active-learning techniques, they help students see that to grasp the basics of economics is to grasp the reins of lifelong empowerment – for themselves, their families, their communities and our country. Ensuring teachers are well trained in economics is especially critical because more often than not, the teacher assigned to this class specializes in another subject.

Infusion of personal finance and economics principles into other subjects can be an effective way to assure these subjects a place in the crowded “shelf space” of the school curriculum. NCEE has developed extensive experience in addressing the challenge of infusion. Among the NCEE’s materials keyed to curricular integration, for one good example, is “Mathematics and Economics: Connections for Life” (www.mathandecon.ncee.net), which we developed in partnership with the National Council of Teachers of Mathematics.

But integration of financial decision-making skills into other subjects requires effective training. Several EEE subgrants have been directed toward training programs for curricular infusion – a few fine examples include:

- Training on Integrating Economics and Finance into the Classroom for Grades 6-12 Social Studies Teachers;
- Elementary and Middle School Integration of Economics with Literature, Math, Social Studies and Practical Living;
- Integrating Basic Economics into High School American History Courses;
- K-6 Teacher Training on Integrating Economics with Other Subjects through Ohio Academic Content Standards; and
- Training on Integrating Economics and Geography for Middle School Teachers using an innovative set of lesson plans entitled “Middle School World Geography: Focus on Economics”.

Distributing Curricular Materials

Well-trained teachers need classroom-tested materials to educate students. NCEE has developed a wide range of award-winning materials, which are constantly revised and updated.

Last year, EEE funding allowed the NCEE to distribute 14,000 Virtual Economics CD-ROMS to every school district in the country. Virtual Economics is a comprehensive lesson planning and professional development resource for K-12 teachers, which includes a database of over 1,200 lessons keyed to grade level, concept, Voluntary National Content Standard in Economics and each state’s economics standards. The CD-ROM also includes a glossary of 500 economics terms and definitions and 51 multimedia demonstrations of key microeconomics, macroeconomics, international economics and personal finance concepts. Virtual Economics provides “one-stop-shopping” for any educator who wants to bring economics and financial literacy into the classroom.

Let me underscore the point: *Thanks to the EEE, this tremendous resource for teachers is now available in every school district in the U.S.*

Evaluation and Assessment

Perhaps one of the most important ways we can improve economic and financial literacy, and ensure results, is through rigorous testing, evaluation and assessment. There is no shortage of economic and financial education materials. It is essential for educators to know which of these materials are validated through measuring

outcomes. Assessing effectiveness is a top priority for the NCEE in everything we do.

Let me share a glowing example of how the NCEE has used EEE funds to make a real difference through evaluation and assessment.

“Financial Fitness for Life,” developed by NCEE, with the generous sponsorship and support of Bank of America, is an award-winning, highly-acclaimed comprehensive K-12 program, which helps students apply economic and decision-making skills to the real world of earning and spending an income, savings, using credit, investing, and managing money—that is, a fitness program. The NCEE awarded a grant of EEE funds, in accordance with the terms of the guidelines of the EEE program, to economic education researchers Cynthia L. Harter and John F.R. Harter of Eastern Kentucky University, who tested the effectiveness of “Financial Fitness for Life” in an economically underprivileged region of Kentucky. The study found that the use of “Financial Fitness for Life” significantly increases “student performance on a post-test assessment when compared with a pre-test of those same students.” The study also found that “Financial Fitness for Life” increases financial literacy, and that “for 7th-, 8th-, and 10th grade students, this increase is higher than what results from whatever other curriculum, if any, the teachers were previously using to teach financial concepts.”

This is powerful.

The first step in improving financial literacy is developing standards-based materials. The second is training teachers. The third is delivering the materials through these teachers into the classroom, and ultimately to our young people while they are in school; before it is too late - so they can use this education in the “real world”. And finally, through evaluation and assessment we will know whether we are effectively delivering economic education and whether this education makes a meaningful difference in students’ financial literacy – and lives.

What Can Congress Do?

We are encouraged by Congress’ increased focus on economic and financial education issues over the last several years. The founding and ongoing activities of the Financial and Economic Literacy Caucus have done a great deal to raise the profile of these issues on Capitol Hill and beyond. I want to thank Congressman Hinojosa and Congresswoman Biggert for taking the initiative to organize the Caucus, and for the leadership in its continued work.

In 2003, Congress created the Financial Literacy and Education Commission. The NCEE has worked closely with the Commission, including by providing comments on the National Strategy that the Commission was charged with developing. This worthy work is ongoing, and now complemented by the President's Advisory Council on Financial Literacy.

I encourage Congress to maintain, and if possible, increase funding for EEE, as well as reauthorize this needed program as part of the Elementary and Secondary Education Act.

Conclusion

I am very gratified that the Committee is focusing on this literacy. Teaching sound economics and finance, and making it stick, is not only vital to an individual's success and well-being, but will ultimately and significantly contribute to ensuring a strong and competitive national economy and a more prosperous future for our country.

Thank you again for inviting me to testify today, and I will be happy to answer any questions.