



**Testimony of Dr. Robert F. Duvall
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before the
Subcommittee on Oversight of Government Management, the Federal Workforce,
and the District of Columbia**

**Federal Government's Role in Empowering Americans to Make Informed Financial
Decisions**

April 29, 2009

Chairman Akaka, Ranking Member Voinovich and Members of the Subcommittee:

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 Subcommittee to hold this hearing during Financial Literacy Month. As a member of the U.S. President's Advisory Council on Financial Literacy, as the President and Chief Executive of the Council for Economic Education, as a parent, as an educator, and as a citizen, I commend you for focusing attention on this issue, this literacy. There are few matters which more directly address the traditional American virtues and values of self-reliance, individual responsibility, and good citizenship.

The Council for Economic Education is a founding, and active, member of the Jump\$tart Coalition for advocacy for financial literacy, and we are a principal participant and partner in Financial Literacy Day on Capitol Hill, tomorrow, April 30th. We particularly and gratefully applaud Senator Daniel K. Akaka for being the original initiator of Financial Literacy Day on the Hill, which has grown tremendously in significance and impact over the past seven years, as awareness of the need has grown.

Who We Are and What We Do

My organization, the Council for Economic Education, envisions a world in which people are empowered through economic and financial literacy to make informed

and responsible choices throughout their lives as consumers, savers, investors, workers, citizens, and participants in the global economy.

For 60 years the Council (formerly the National Council on Economic Education: NCEE) has been a leader in transforming economic and financial education by developing standards-setting and measurably effective programs nationwide and, in recent years, internationally – programs which promote the teaching of the very real connections between economic and financial literacy and the free flow of ideas, capital and innovation that will keep this nation competitive in the global economy.

The mission of the Council for Economic Education is two-fold: To advocate for better and greater school-based economic and personal finance education at the K-12 level; and to educate students, through well-prepared teachers, with programs of quality and integrity that help young people achieve an understanding of market economics.

Each year, the Council's comprehensive, best-in-class program reaches more than 150,000 K-12 teachers and over 15 million students in the United States and in more than 30 other countries. These programs are delivered through a diversified system: directly from the Council for Economic Education, through a unique network of affiliated state councils and university-based centers, and through other partner organizations.

We are philosophically committed to a robust and vibrant economic marketplace. Our unit of change is the K-12 teacher, who has the potential, over the course of a career, to touch the lives of thousands of students.

But what are educators actually teaching and how are they teaching it? Are they preparing students for the economy of the future? It is often said that today's education curriculum is rooted in yesterday's economy, and that a rapidly changing and technologically driven marketplace requires new educational approaches. The skill-set today's young people will need to possess in order to succeed as adults is likely to be markedly different than that of a generation ago. This skill-set must enable students to think economically and entrepreneurially, in response to the myriad opportunities they will encounter as adults. The degree to which they succeed in this endeavor will shape not only their futures and their fortunes, but the level of competitiveness and dynamism of the American economy.

There has never been a better “teachable moment” than the current economic and financial crisis to spur awareness and support for economic and financial education. But, real improvements in the quality and effectiveness of teaching and increases in the level of economic and financial literacy take time, political will, and resources.

What Can Be Done?

In order to address the financial literacy gap, our elementary and secondary schools must integrate standards-based economic and financial education into their core curriculum. The Council for Economic Education, along with other partners, is striving to help accomplish this goal.

The federal government is playing a critical role in providing resources for these efforts through the *Excellence in Economic Education* (the EEE) program, which came about through legislation authored by the Chairman of this Subcommittee, Senator Akaka, who assembled a bi-partisan group to champion it five years ago – ahead of the wave of nationwide concern about financial *illiteracy*. This program has survived a number of annual budget battles, from 2004-2008. And it is profoundly under-funded. I would challenge Members of this Subcommittee to name one other Federal program where there is as much good being done – where there is as much “bang for the buck” – as is gained from the \$1.5 million annual appropriation for the EEE. It ought to be at least ten times that amount!

Why? Because it works.

It works because it is

- a grass-roots program, and fosters local, hands-on initiatives;
- focused on what needs to be done to make a difference in and through education: teacher training, development of materials, active learning for K-12 students, and research into what works, and why;
- a proven way to make a thousand flowers bloom through the “multiplier effect” of disseminating best practices.

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.” In 2004, at the inauguration of the EEE program, in a competitive application process, the U.S. Department of Education selected the Council for Economic Education to administer and implement this important initiative. Since that time:

- 48 states and the District of Columbia have been served by Excellence in Economic Education (EEE) sub-grants in project years 2004-08;
- 495 sub-grants were awarded in project years 2004-08;
- \$5,418,539 has been awarded to grass-roots organizations nationwide;
- Over 1,500 copies the 2007 Survey of the States were distributed to individuals and agencies interested in improving economic and financial literacy.

We are grateful for our opportunity for continuing, productive work with the U.S. Department of Education in ensuring and maximizing the effective, efficient use of these funds, and magnifying the impact of a relatively small dollar amount.

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.

EEE funding allowed the Council to distribute Virtual Economics CD-ROMS to every school district in the country, for use by thousands of teachers. 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 Standards in Economics and each state's standards. Virtual Economics provides "one-stop-shopping" for any educator who wants to bring economic 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.***

Summary

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 well-prepared teachers into the classroom, and ultimately into the heads and hands of our young people – while they are in school, before it is too

late - so they can use this education in the “real world”. And the fourth step is through continuous evaluation and assessment, so that we will know whether we are effectively delivering economic education and whether this education makes a meaningful difference in students’ financial literacy – and financial life.

What Can Congress Do?

We are encouraged by the Congress’ increased focus on economic and financial education issues over the last several years. One year ago at this time, I was called to give testimony for the House Financial Services Committee. At the end of the testimonies, Committee Chairman Barney Frank leaned over the podium and asked the panel to say what they would recommend that the federal government do about the subprime mortgage lending crisis – the tip of the iceberg that was then being seen. I responded that I did not know (and I hope Chairman Akaka won’t ask me such a thorny question today), but that I did believe passionately that the federal government ought to invest hugely in a nationwide professional development program for teachers in the nation’s schools, in economic education for financial literacy.

The EEE is such an investment. But the investment, while measurably good, is still too small. The economic turmoil and financial crisis we are experiencing can be a “teachable moment,” but only if we make it so.

Consequently, I would urge Congress to maintain, and indeed, increase funding for Excellence in Economic Education, as well as reauthorize this needed program as part of the Elementary and Secondary Education Act.

Conclusion

I am very gratified that this Subcommittee is focusing on financial literacy. Teaching sound economics and personal finance, and making it stick, is not only vital to an individual’s success and well-being, but will ultimately and significantly and powerfully 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.