

GAO Highlights

Highlights of [GAO-14-556T](#), a testimony before the Subcommittee on Financial Institutions and Consumer Credit, House Committee on Financial Services

Why GAO Did This Study

Giving Americans the information they need to make effective financial decisions is key to their financial well-being. The federal government plays a role in promoting financial literacy, which encompasses financial education—the process by which individuals improve their knowledge and understanding of financial products, services, and concepts. The federal role evolved with the creation of the Commission in 2003 and CFPB in 2010.

This testimony provides an (1) overview of federal financial literacy activities and agency roles, and (2) update on the progress made in addressing GAO's recommendations in this area. This testimony is largely based on and partially updates a July 2012 report ([GAO-12-588](#)) and relevant portions of GAO's annual duplication reports ([GAO-11-318SP](#) and [GAO-12-342SP](#)). For those reports, GAO reviewed and analyzed relevant reports, plans, and websites related to federal financial literacy efforts, and interviewed staff of 17 federal agencies and of nonprofit organizations. To update selected information, GAO spoke with staff and reviewed materials from CFPB and the Department of the Treasury.

What GAO Recommends

GAO makes no new recommendations in this testimony, but reiterates its July 2012 recommendations for the Commission to identify options for consolidating federal financial literacy efforts and address the allocation of federal resources in its national strategy. The Commission agreed with these recommendations.

View [GAO-14-556T](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

April 30, 2014

FINANCIAL LITERACY

Overview of Federal Activities, Progress, and Challenges

What GAO Found

In its July 2012 report, GAO identified 16 significant financial literacy programs or activities among 14 federal agencies in fiscal year 2010, and 4 housing counseling programs among 2 agencies and a federally chartered entity. As of April 2014, 3 of the financial literacy programs and 1 housing counseling program no longer existed or no longer received funding, and no new federal programs had been added, according to staff representing the Financial Literacy and Education Commission (Commission). The creation of the Bureau of Consumer Financial Protection (known as CFPB) in 2010 added a significant new player, with offices devoted to financial education broadly and to educating servicemembers, older Americans, and students specifically. The multiagency Commission, created in 2003, coordinates among federal agencies and between federal agencies and state, local, nonprofit, and private entities. Commission responsibilities also include developing national strategies for improving financial literacy and proposing means of eliminating overlap and duplication among federal activities. Finally, since 2008 three Presidential advisory councils related to financial literacy have had charges that include fostering partnerships among private, nonprofit, and government entities.

GAO has observed improvements or successes in four areas—coordination, partnerships, delineating CFPB's role, and evaluation tools—but significant work remains to be done in one major area—determining the most effective and efficient allocation of federal resources.

- **Coordination.** Coordination among federal agencies has improved in recent years, largely due to the role of the Commission. Recent efforts include a research clearinghouse and a coordinated initiative on youth education.
- **Partnerships.** The Commission has continued to build and promote partnerships. Several initiatives have partnered with academics, nonprofits, and other entities.
- **Delineating CFPB's role.** To help avoid unnecessary overlap, CFPB has further delineated its role in financial literacy efforts, discussing respective roles with federal agencies that have overlapping responsibilities and signing agreements on cooperation and areas of focus.
- **Evaluation tools.** The Commission and CFPB have helped develop and disseminate evaluation tools to assess outcomes and effectiveness of financial literacy programs. CFPB also contracted with a company to develop metrics and outcome measures and with a nonprofit to evaluate and report on financial education programs and activities.

However, further progress is needed to help ensure effective allocation of federal financial literacy resources and avoid unneeded overlap. In 2012, GAO concluded the Commission was best placed to consider consolidating federal efforts, which could help ensure the most efficient and effective use of federal resources. The Commission's national strategy could serve as a mechanism to identify those resources and how they might be allocated, but has not yet done so. Without recommendations on resource allocations, policymakers lack information to avoid overlap and help ensure the most efficient and effective use of federal funds.