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FINANCIAL LITERACY AND EDUCATION COMMISSION

Progress Made in Fostering Partnerships, but National Strategy Remains Largely Descriptive Rather Than Strategic

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Highlights of [GAO-09-638T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

In 2003, the Financial Literacy and Education Improvement Act created the Financial Literacy and Education Commission, which comprises 20 federal agencies and which the Department of the Treasury's (Treasury) Office of Financial Education coordinates. Responding to a mandate in the act, GAO assessed the Commission's effectiveness and in December 2006 recommended that the Commission (1) incorporate additional elements into its national strategy to help it serve as a true implementation plan, measure results, and ensure accountability; (2) expand current efforts to cultivate sustainable partnerships with states, localities, nonprofits, and private entities; (3) obtain independent reviewers for the required assessments of overlap in federal activities and the availability and impact of federal materials; and (4) measure customer satisfaction with its Web site and test its usability.

This statement discusses the Commission's progress in implementing GAO's recommendations and key challenges the Commission faces. To address these objectives, GAO reviewed annual reports, meeting minutes, budget, and other information from the Commission, Treasury, and related entities, and interviewed selected representatives.

View [GAO-09-638T](#) or [key components](#). For more information, contact Richard J. Hillman at 202-512-8678 or hillmanr@gao.gov.

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What GAO Found

The Financial Literacy and Education Commission has addressed some of GAO's recommendations and not others:

- *The National Strategy remains largely descriptive.* GAO's 2006 report noted that the Commission's National Strategy for Financial Literacy largely was descriptive rather than strategic, generally did not include a plan for implementation, and only partially addressed or defined elements such as performance measures, resource needs, and roles and responsibilities. Revisions to the strategy made since GAO's last report include new "calls to action," but do not represent a fundamental shift in approach that incorporates specific recommendations on roles, funding, and activities. As a result, the document still does not serve as a true functional strategy.
- *Progress has been made in fostering partnerships.* The creation of the National Financial Education Network, which focuses on the state and local level, and the President's Advisory Council on Financial Literacy, which focuses on the private and nonprofit sectors, has been a positive step toward developing mutually beneficial partnerships that are sustainable over the long term.
- *Independent reviews have been partially initiated.* Treasury has enlisted a volunteer doctoral student to conduct independent reviews on overlap of federal activities and availability of financial literacy materials, but the student will not assess the impact of the materials, as called for in the act. Treasury staff told GAO that they used a volunteer because they lacked the funds to hire a paid professional.
- *Commission has measured customer satisfaction with its Web site, but has not yet tested usability.* Responding to GAO's recommendation, the Commission conducted a survey of users of its MyMoney.gov Web site, although only 144 surveys were completed. The Commission has not conducted usability testing, a recommended best practice for federal public Web sites, although it says it is looking into doing so later this year.

One challenge faced by the Commission has been limited resources. It has no independent budget and Congress has not provided funds targeted to the Commission since 2005, although the Commission is able to draw upon some financial and in-kind resources from its member agencies. For the past several years, Treasury's Office of Financial Education has had about five staff members to conduct its own and Commission activities. The Commission's multiagency governance structure offers benefits—such as the ability to address crosscutting issues—but also is inherently challenging because it involves coordinating 20 individual federal agencies, each with its own set of interests, resources, and constituencies.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to be here today to provide an update on the status of recommendations we made in our 2006 report that assessed the effectiveness of the Financial Literacy and Education Commission (Commission). The Commission comprises 20 federal agencies and was created in 2003 by the Financial Literacy and Education Improvement Act, which charged it with improving financial literacy and education through the development of a national strategy to promote them.¹ The act mandated that we assess the effectiveness of the Commission and in December 2006 we issued a report that included recommendations to the Commission related to its national strategy, Web site, reviews of federal activities, and development of partnerships.²

Today I will discuss (1) the Commission's and the Department of the Treasury's (Treasury) progress in implementing recommendations that we made in our 2006 report and (2) challenges the Commission and Treasury's Office of Financial Education (OFE) face in carrying out their missions.

To prepare this testimony, we reviewed materials that the Commission published since our last review, including its annual reports to Congress, updates and additions to its national strategy, and recent data on the usage of its Web site and telephone hotline. We also gathered and reviewed budget and staffing information for OFE and reviewed contracts and materials related to the office's multimedia campaigns. We reviewed the annual report and meeting minutes of the President's Advisory Council on Financial Literacy and the Web site, agendas, and meeting minutes of the National Financial Education Network. Finally, we interviewed Treasury staff and representatives of the President's Advisory Council on Financial Literacy and the National Financial Education Network. We conducted our work from March 2009 through April 2009 in accordance with generally accepted government auditing standards. Those standards require that we

¹The Financial Literacy and Education Improvement Act was Title V of the Fair and Accurate Credit Transactions Act of 2003, Pub. L. No. 108-159, Title V, 117 Stat. 2003 (2003) (codified at 20 U.S.C. §§ 9701-08). Hereafter, this statement refers to this act as the "Financial Literacy Act."

²GAO, *Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-100](#) (Washington, D.C.: Dec. 4, 2006). We also provided an update to this report in a 2007 testimony, *Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-777T](#) (Washington, D.C.: Apr. 30, 2007).

plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Financial literacy can be described as the ability to make informed judgments and to take effective actions regarding the current and future use and management of money. It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events such as a job loss, saving for retirement, or paying for a child's education. Several reports we have issued in the past few years highlight the need for financial literacy in the United States. For example:

- Last month we reported that the number of private defined benefit pension plans has declined substantially over the past two decades.³ With more individuals being asked to take responsibility for saving for their own retirement, financial skills have become increasingly important in helping to ensure that retirees can enjoy a comfortable standard of living.
- Consumers' debt and investment options are increasingly numerous and complex and consumers have faced difficulty understanding the terms of mortgages and credit cards. For instance, interviews we conducted with 112 credit cardholders indicated that many failed to understand key aspects of their cards, including when they would be charged for late payments or what actions would cause issuers to raise rates.⁴
- Based on a survey of more than 1,500 consumers conducted for a 2005 report, we found that consumers understood the basics of credit reporting but were less aware of other important information, such as the impact of information contained in credit reports and how various behaviors impact credit scores.⁵

³GAO, *Defined Benefit Pensions: Survey Results of the Nation's Largest Private Defined Benefit Plan Sponsors*, [GAO-09-291](#) (Washington, D.C.: Mar. 30, 2009).

⁴GAO, *Credit Cards: Increased Complexity in Rates and Fees Heightens Need for More Effective Disclosures to Consumers*, [GAO-06-929](#) (Washington, D.C.: Sept. 12, 2006).

⁵GAO, *Credit Reporting Literacy: Consumers Understood the Basics but Could Benefit from Targeted Educational Efforts*, [GAO-05-223](#) (Washington, D.C.: Mar. 16, 2005).

The Financial Literacy Act states that the Commission shall be composed of the Secretary of the Treasury and the heads of 19 other federal departments and agencies, and allows the President to appoint up to five additional members. The act requires the Commission to undertake certain activities, including (1) developing a national strategy to promote financial literacy and education for all Americans; (2) establishing a financial education Web site to provide information about federal financial literacy education programs and grants; (3) establishing a toll-free hotline; (4) identifying areas of overlap and duplication among federal activities and coordinating federal efforts to implement the national strategy; (5) assessing the availability, utilization, and impact of federal financial literacy and education materials; and (6) promoting partnerships among federal, state, and local governments, nonprofit organizations, and private enterprises. The act requires that the national strategy be reviewed and modified at least once a year. It also requires the Secretary of the Treasury to develop, implement, and pilot a national public service multimedia campaign to enhance the state of financial literacy and education in the United States. OFE provides primary support to the Commission and coordinates its efforts.

National Strategy Is Still Largely Descriptive, although the Commission Has Addressed Some Other GAO Recommendations

Our 2006 report assessing the effectiveness of the Commission made several recommendations. We recommended that the Secretary of the Treasury, in concert with other agency representatives of the Commission, (1) incorporate into the national strategy additional elements to help ensure accountability and more effective results; (2) consider ways to expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities; (3) provide that the review of duplication and overlap and the evaluation of federal materials are independent and do not rely solely on agencies' self-assessments; and (4) conduct usability testing of and measure satisfaction with the My Money Web site. The Commission has addressed some of GAO's recommendations and not others.

National Strategy Remains Largely Descriptive Rather Than Strategic

In 2006, we reported that the Commission's National Strategy for Financial Literacy was a useful first step in focusing attention on financial literacy but largely was descriptive rather than strategic. The strategy was comprehensive to the extent of discussing major issues and challenges in improving financial literacy and describing financial literacy initiatives in the government, nonprofit, and private sectors. However, its recommendations were presented as "calls to action" that generally did not include a plan for implementation, and the strategy only partially

addressed or defined elements such as performance measures, resource needs, and roles and responsibilities that help make national strategies effective.

Our report recommended that the Secretary of the Treasury and other agency representatives of the Commission incorporate into the national strategy (1) a concrete definition for financial literacy and education; (2) clear, specific goals, performance measures, and benchmarks; (3) the actions needed to accomplish these goals; (4) a description of the resources required; and (5) a discussion of appropriate roles and responsibilities for federal agencies and others. The Commission has implemented the first of these recommendations. In its April 2007 report to Congress, the Commission provided definitions for “financial literacy” and “financial education” to help guide the scope of its work.⁶ A Treasury official noted that other organizations, such as the President’s Advisory Council on Financial Literacy, have begun to use these definitions as well.

However, to date the Commission has not incorporated the other elements we recommended. The Commission updates the strategy annually and provides the revisions as an addendum to its annual report to Congress. For the most part, these revisions have consisted of newly developed “calls to action” and have not represented a fundamental shift in approach that incorporates specific recommendations on roles, funding, and activities.

For example, in general the strategy still neither sets clear and specific goals and subordinate objectives for what it seeks to achieve, nor does it set priorities or performance measures for assessing progress. Without performance measures or other evaluation mechanisms, the strategy lacks a good means of measuring its progress and holding relevant players accountable. Similarly, while the strategy discusses in general terms the types of resources that are available from different sectors, it still does not address fundamental questions about the level and type of resources that are needed to implement the national strategy. No cost estimate is provided either for the strategy as a whole or for specific initiatives or

⁶The Commission defines financial literacy as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being” and defines financial education as “the process by which people improve their understanding of financial products, services, concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being.”

activities. Without a clear description of resource needs, policymakers lack information helpful in allocating resources and directing the strategy's implementation. As a result of these factors, the National Strategy for Financial Literacy, while beneficial in some regards, still does not serve as a true functional "strategy"—a plan of action intended to achieve specifically stated goals.

Progress Has Been Made in Fostering Partnerships

The Financial Literacy Act charged the Commission with promoting partnerships among federal agencies, state and local governments, nonprofit organizations, and private enterprises. In our 2006 report, we found that it had taken some helpful steps to promote partnerships, consisting mainly of outreach and publicity efforts, such as conducting speaking engagements and holding public meetings. To cultivate sustainable partnerships with nonprofit and private entities, in our 2006 report we recommended that the Commission consider additional ways that federal agencies could coordinate with private organizations that have wide networks of resources at the community level and facilitate the efforts of state and local governments to improve financial literacy.

National Financial Education Network

In response to our recommendation, the Commission created in April 2007 the National Financial Education Network to facilitate and advance financial education at the state and local level. Network members currently include more than 30 state agencies—such as the Alabama Securities Commission, Texas Department of Banking, and Wisconsin Office of Financial Literacy—and five local government agencies, such as the New York City Department of Consumer Affairs and the Seattle Housing Authority. More than 15 national organizations also are members, including the National League of Cities and the North American Securities Administrators Association.

The network's efforts include the following:

- *Development of a Web-based database to share information across entities.* The National Financial Education Network Database for State and Local Governments (www.flecnationalnetwork.org) was developed by the National Association of Government Defined Contribution Administrators in consultation with the network. The site largely consists of financial literacy materials developed by network members and is intended for other network members as well as the general public.

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- *Conferences to discuss ways of overcoming challenges.* The network has held two in-person meetings. The first such meeting, called the National Financial Education Network Summit, was held in Seattle, Washington, in October 2007 and hosted by three Washington-based organizations. It discussed common challenges facing financial literacy professionals. OFE hosted the second, which was held in Washington, D.C., in July 2008, and sought to develop recommendations for overcoming these challenges. Key topics included promoting financial education in the workplace, foreclosure prevention and asset preservation, and the advantages and disadvantages of mandating financial education in school curricula.
 - *Conducting conference calls.* The network has held quarterly conference calls, which usually include presentations by members and updates on the Web site database.

We believe that the Commission has taken a positive step in the creation of the National Financial Education Network. Our review indicates that the network has been a useful initial action to foster communication and collaboration among federal, state, and local entities that share the common goal of improving financial literacy. In particular, network representatives with whom we spoke felt that the network provided an opportunity for members to learn what other states and localities were doing and share best practices. At the same time, the National Financial Education Network is relatively new and remains a rather loosely structured enterprise. As the network progresses further, it could potentially benefit from a more structured approach. For example, representatives from two member organizations told us they believed the network could benefit from a clearer mission statement and membership criteria.

President's Advisory Council on Financial Literacy

The President's Advisory Council on Financial Literacy was created by executive order in January 2008.⁷ The President and the Secretary of the Treasury tasked the council to work with the public and private sector to provide advice on ways to help increase financial education efforts for youths in school and for adults in the workplace, increase access to financial services, establish measures of national financial literacy, conduct research on financial knowledge, and help strengthen public and private-sector education programs. The council, which has a 2-year term, currently consists of 16 members who represent private corporations, nonprofit organizations, faith-based groups, state agencies, regulatory

⁷Exec. Order No. 13455, 73 Fed. Reg. 4445 (Jan. 22, 2008).

authorities, and academic institutions. During its first year, the council created five committees to focus on key areas of financial literacy: youth, the workplace, outreach, research, and underserved populations. The council receives some administrative support from OFE, although a council member and Treasury staff told us that most of the council's financial and administrative support has been provided by member organizations.

According to its 2008 annual report, the council implemented or began a number of initiatives in its first year, including the following:

- Partnered with the USA Freedom Corps (a White House initiative that seeks to foster a culture of citizenship, service, and responsibility) to create the President's Council Financial Literacy Corps, which provides a centralized resource for information on financial literacy volunteer opportunities;
- Collaborated with the U.S. Small Business Administration to establish the Office of Entrepreneurship Education, which provides entrepreneurial information and education, resources, and tools; and
- Hosted or participated in more than a dozen town hall meetings, roundtables, conferences and listening sessions, in which one or more council members met with local community, business, education, and nonprofit leaders to explore ways to enhance financial literacy in the community.

In addition, the council proposed recommendations for improving financial literacy, most of which were aimed at Congress or Treasury, and some of which were aimed at the private, nonprofit, academic, and state and local government sectors. The specific recommendations were organized around five general themes: (1) expanding and improving financial education for students from kindergarten through postsecondary education; (2) supporting the role of employers as providers and conduits of financial education to their employees; (3) increasing access to financial services for unbanked and underserved Americans; (4) identifying and promoting a standardized set of skills and behaviors that a financial

education program should teach an individual; and (5) promoting more awareness of financial literacy and dedicating more resources to it.⁸

The council's term expires in January 2010. Thus far it appears that the council's efforts have been productive and beneficial, particularly in helping to focus high-level attention on financial literacy among leaders in nongovernmental sectors and in facilitating strategic alliances among federal, private, and nonprofit enterprises.

Commission Partially Initiated Our Recommendations for Independent Reviews of Federal Activities and Materials

In 2006, we reported that the Commission had helped coordinate federal financial literacy efforts by bringing together federal agencies on a regular basis and centralizing information from multiple agencies through its Web site and hotline, among other efforts. We also reported that the Commission asked federal agencies to provide information about their financial literacy activities in order to meet the Financial Literacy Act's requirement that the Commission identify and propose means of eliminating areas of overlap and duplication. Based on the agencies' responses, the Commission concluded that these efforts had minimal overlap and duplication. Similarly, to meet a requirement that it assess the availability, utilization, and impact of federal financial literacy materials, the Commission asked each agency to evaluate the effectiveness of its own materials and programs. The Commission reported that each agency deemed its programs and resources to be effective and worthy of continuance.

Because these processes in both cases lacked the benefit of assessment by a disinterested party, we recommended that the Secretary of the Treasury and the Commission provide for an independent third party to review duplication and overlap among federal activities and the availability, utilization, and impact of federal financial literacy materials. In response to these recommendations, the Commission stated in its April 2007 and April 2008 reports to Congress that it would identify an independent party to conduct assessments of both of these matters, with the first of the independent reviews to be completed in 2009.

In late 2008, Treasury signed a volunteer service agreement with a doctoral student whose field of study includes program evaluation to collect,

⁸Department of the Treasury, *President's Advisory Council on Financial Literacy: 2008 Annual Report to the President* (Washington, D.C., Jan. 6, 2009).

analyze, and report available data on the availability and duplication of financial education resources that Commission agencies offered. According to Treasury staff, the final report of the doctoral candidate, who is doing the project as an unpaid volunteer, is expected in May 2009. The purpose of the evaluation is to determine the availability and duplication of program resources provided by Commission agencies. The evaluation will not address the provision of the mandate that calls for an assessment of the “impact” of federal financial literacy materials. Treasury staff told us they are using a doctoral candidate as a volunteer because they lacked the funds to hire a paid professional. They also noted that the Commission must depend on federal agencies to self-report their activities because the Commission lacks the resources to gather this information independently. As a result of these factors, the Commission will lack the full benefits of a professional assessment by a disinterested party, which could help facilitate efforts to ensure the most efficient and effective use of federal financial literacy resources.

Commission Measured Customer Satisfaction with Web Site, but Has Not Yet Tested Its Usability

The Financial Literacy Act required the Commission to establish and maintain a Web site to serve as a clearinghouse and provide a coordinated point of entry for information about federal financial literacy and education programs, grants, and materials. In October 2004, the Commission launched the My Money Web site (www.MyMoney.gov) in English- and Spanish- language versions. The site serves largely as a portal that consists of links to financial literacy and education Web sites that Commission member agencies maintain. From its inception through February 2009, the site received approximately 3,258,000 visits.⁹ Usage has been increasing somewhat—for example, the site received an average of about 84,000 visits per month for the 6-month period ending February 2009, as compared with about 69,000 and 61,000 visits per month, respectively, for the 6-month periods ending March 2007 and September 2006.

⁹A “visit” is defined as all the activity of one visitor to a Web site within a specified period, usually 30 minutes. Because federal government Web sites are generally prohibited from using “cookies” (small files stored on a visitor’s computer that can contain identifying information about the visitor), the number of unique visitors to the My Money Web site cannot be counted. Thus, data on total number of visits do not represent the number of users who have visited the Web site because some users may visit the site multiple times. According to a General Services Administration official, because unique visitors cannot be counted, the best measure of the Web site’s usage is number of visits.

In our 2006 report, we noted that the My Money site had not incorporated certain best practices recommended for federal public Web sites—such as measuring customer satisfaction and testing for usability—to ensure that visitors are able to find information efficiently and effectively. We recommended that the Secretary of the Treasury and the Commission have the Commission’s Web site subcommittee (1) measure customer satisfaction, using whatever tools deemed appropriate, such as online surveys, focus groups, and e-mail feedback forms; and (2) conduct usability testing to measure the quality of users’ experiences with the Commission’s Web site.

In its April 2007 and April 2008 reports to Congress, the Commission said that it would implement these two recommendations by the second quarter of 2009. From mid-September through mid-December 2008, the Commission measured customer satisfaction by using a Web-based survey accessible through a link on MyMoney.gov. The survey included 16 questions, some of which asked about characteristics of the user, such as age, race, and gender, and some of which asked for the user’s impressions, complaints, and suggestions about the site. Few users completed the survey—144 surveys were completed for the approximately 240,000 site visits occurring during the 3 months that the survey was available. Results of the survey are still in the process of being analyzed and Treasury staff say they will use the findings to help improve the Web site. Finally, the Commission has not implemented usability testing but, according to Treasury staff, is looking into implementing such a test later this year.

Other Communications Initiatives Are In Place

In addition to a Web site, the Financial Literacy Act also required that the Commission establish a toll-free telephone number for members of the public seeking information related to financial literacy. The Commission launched the hotline (1-888-MyMoney) in October 2004, and it serves as an order line for a free “tool kit” of publications. Usage of this hotline has been limited and does not appear to be increasing. According to data obtained from the General Services Administration (GSA), which administers the hotline, it received 513 calls in February 2009, as compared with 526 calls in March 2007, the last month for which we previously requested these data.

As part of the national strategy, the Financial Literacy Act also required the Secretary of the Treasury to develop, implement, and pilot a national

public service multimedia campaign to enhance financial literacy in the United States.¹⁰ In fiscal year 2005, the department obligated \$750,000 to support this campaign, and chose to focus on credit literacy among young adults.¹¹ The campaign was launched in September 2008 and has included television, radio, and Web banner advertising. It encourages young adults (ages 18-24) to develop better credit and spending habits and understand the consequences of developing bad credit. The campaign also features a new Web site, www.controlyourcredit.gov, where the audience can play an online game that emphasizes the importance of maintaining good credit. Elements of the public service announcements also are available in Spanish. The media have donated advertising time and space for the announcements through the Advertising Council.

In fiscal year 2008, an explanatory statement by the Chairman of the House Committee on Appropriations of the House of Representatives specified that OFE should spend at least \$200,000 for activities combating predatory lending and encouraging the use of mainstream financial services.¹² Some of this funding was used for personnel and travel costs, according to Treasury staff, but most of it went toward a \$155,000 contract that Treasury signed with a media agency in September 2008. The agency will conduct a media campaign through radio, print media, and text messages that is designed to help Americans understand various financial

¹⁰20 U.S.C. § 9707.

¹¹The Financial Literacy Act authorized to be appropriated \$3 million for the development, production, and distribution of the campaign for fiscal years 2004, 2005, and 2006. 20 U.S.C. § 9707(f). The conference report accompanying Treasury's fiscal year 2005, Departmental Offices, Salaries, and Expenses appropriation specified that \$1 million should be used to promote basic financial literacy and education. H.R. Conf. Rep. No. 108-792, at 1443 (2004). Treasury obligated \$750,000 to support the multimedia campaign conducted as part of the national strategy.

¹²153 Cong. Rec. H15741, H16048 (Dec. 17, 2007). No conference report accompanied the Consolidated Appropriations Act, 2008 (2008 Appropriation Act), Pub. L. No. 110-161. However, the Chairman of the Committee on Appropriations of the House of Representatives had printed an explanatory statement in the *Congressional Record*. Section 4 of the 2008 Appropriation Act states that this explanatory statement should be given the same effect with respect to the allocation of funds and implementation as if it were a joint explanatory statement of a committee of conference. While legislative history such as these statements and other congressional reports generally are not legally binding, they do provide informational guidance. See Congressional Research Service, *Earmarks Executive Order: Legal Issues* (RL34373) (February 13, 2008). In fiscal year 2009, additional monies were specified for financial education and combating predatory lending in a similar explanatory statement accompanying the Omnibus Appropriations Act, 2009, Pub. L. No. 111-8. See 155 Cong. Rec. H1653, H1988 (Feb. 23, 2009).

products and services and avoid predatory practices or detrimental financial products. The text message campaign is under way and the other aspects of the campaign are scheduled to begin in the near future, according to Treasury staff. In addition, new content has been posted to the MyMoney Web site (www.mymoney.gov/borrow-smart.shtml) and printed materials were included with nearly 2 million tax refunds.

The same explanatory statement by the Chairman of the Committee on Appropriations of the House of Representatives specified in fiscal year 2008 that OFE should spend at least \$200,000 toward financial education efforts aimed at elementary and high schools.¹³ Treasury staff told us that the majority of these funds have been spent on implementation of the National Financial Literacy Challenge, conducted in partnership with the President's Advisory Council on Financial Literacy, in which more than 120,000 American high school students took a 35-question exam on personal finance issues in 2008. The average score was 56 percent, which the council noted was an indicator that more rigorous financial education is needed in the schools. Treasury awarded certificates and medals to students receiving high scores, and a private foundation offered college scholarships to 32 students who achieved a perfect score on the exam.

Commission Faces Challenges in Achieving Its Mission

The Financial Literacy and Education Commission has played a helpful role by serving as a focal point for federal efforts and making financial literacy a more prominent issue among the media, policymakers, and consumers. Key challenges the Commission faces include its own limited resources and a governance structure that depends on the commitment and collaboration of 20 individual agencies.

Commission and OFE Have Limited Resources and Staff

While many federal agencies devote funds to financial literacy and education, the resources available specifically to the Financial Literacy and Education Commission and to Treasury's Office of Financial Education—which provides support to the Commission—have been limited.

Financial Literacy and Education Commission

The Financial Literacy Act, which created the Commission, authorized the appropriation of “such sums as may be necessary to carry out its

¹³See footnote 12.

provisions.”¹⁴ In addition, the act authorized the appropriation to the Secretary of the Treasury of \$3 million for fiscal years 2004, 2005, and 2006 to develop, produce and distribute the multimedia campaign.

However, the Commission has received no direct appropriation since its inception and Treasury has never requested funds specifically for the Commission in the President’s budget request for the department, according to Treasury staff. Some of the Commission’s activities have been funded through appropriations provided for Treasury’s Departmental Offices, Salaries, and Expenses appropriation. For example, \$1 million in fiscal year 2005 of the funds appropriated to Treasury was specified for promoting basic financial literacy and education and was used in part to develop and implement the Commission’s national strategy.¹⁵

OFE has provided the primary administrative support for the Commission and devoted a significant portion of its resources to support Commission activities. As shown in table 1, OFE estimates that in each fiscal year since 2005, it has devoted from about .75 to 2.5 staff years (full-time equivalent staff) to support the Commission and related entities, with staffing at its lowest levels during the 2 most recent fiscal years.

Table 1: Treasury Department Office of Financial Education Staff Support to Financial Literacy and Education Commission Activities, Estimated, Fiscal Years 2005–2009

Fiscal year	Staff years ^a
2005	2
2006	2.5
2007	2.5
2008	1.5
2009	0.75

Source: Treasury OFE.

^aFull-time equivalent. Includes staff time devoted to the President’s Advisory Council on Financial Literacy and the National Financial Education Network. Staff years for 2006-2008 include detailees from other agencies.

Other federal agencies have detailed staff members to the Commission for short periods—for example, our prior report noted that as of August 2006,

¹⁴20 U.S.C. § 9708.

¹⁵See footnote 11.

the Federal Deposit Insurance Corporation, GSA, and Department of Justice had detailed seven staff members to work at OFE on Commission activities for periods ranging from 2 months to 2 years each. Member agencies have provided other in-kind staff assistance and financial resources as well. For example, GSA hosts the My Money Web site and had estimated that as of August 2006, its staff had devoted about 4,000 hours to support the site and other Commission activities. GSA's Federal Citizen Information Center covers the cost of the Commission's telephone hotline, which we previously reported was about \$28,000 in fiscal year 2006. Most other representatives of the Commission could not provide us with an estimate of the resources their agencies had devoted to the Commission, most of which had consisted of in-kind staff assistance.

Office of Financial Education

Treasury's Office of Financial Education as a whole has had about five full-time equivalent staff each year during fiscal years 2005-2009, which includes the staff time devoted to activities of the Commission. Through fiscal year 2008, Treasury did not assign OFE as a separate cost center; rather, its funding was provided within Treasury's Financial Policies and Programs budget activity, which was also part of Treasury's Departmental Offices, Salaries, and Expenses appropriation. The explanatory statements accompanying Treasury's fiscal year 2008 Departmental Offices, Salaries, and Expenses appropriation directed Treasury to fund OFE at not less than \$1.1 million, of which at least \$200,000 each was to be used for activities—as discussed earlier—focused on (1) elementary and high schools and (2) combating predatory lending and encouraging the use of mainstream financial services.¹⁶ Treasury began to assign a separate cost center for OFE in fiscal year 2009, allocating \$1.6 million to the office, according to Treasury staff. The explanatory statement for the fiscal year 2009 appropriation act specified that OFE should target an additional \$500,000 provided over its assumed budget request toward efforts aimed at elementary and high schools and combating predatory lending.¹⁷

¹⁶See footnote 12. The explanatory statement states that "(1) not less than \$200,000 is directed to be used to further the office's outreach and education activities focused on elementary schools and high schools, and (2) not less than \$200,000 is directed to be used for the development of tailored, targeted materials and dissemination strategies to protect consumers against predatory lending and encourage the use of mainstream financial services."

¹⁷See footnote 12. The explanatory statement directs Treasury to fund OFE within the Financial Policies and Programs budget activity at an increased level of \$500,000. "The Department is directed to target this increase toward financial education efforts aimed at elementary and high schools, as well as efforts aimed at combating predatory lending."

Currently, compounding these resource challenges is the number of vacant leadership positions at key Treasury posts, including Deputy Assistant Secretary for Financial Education, as well as the Assistant Secretary for Financial Institutions and the Under Secretary for Domestic Finance. Filling these positions with individuals committed to improving our nation's financial literacy will be important.

Commission's Governance Structure Has Benefits but Also Creates Challenges

As noted earlier, the Financial Literacy and Education Commission is composed of a large number of agencies but is housed administratively in Treasury, has no independent budget, and has no legal authority to compel member agencies to take any action. This governance structure has advantages and disadvantages. It has the benefit of bringing together a large number of players to achieve the common goal of improving Americans' financial literacy. Achieving results for the nation increasingly requires that federal agencies work together, and it would be difficult, if not impossible, for one agency alone to address the crosscutting issue of financial literacy. The multiagency structure of the Commission also may facilitate collaboration with nonfederal entities and, indeed, Congress charged the Commission with promoting such partnerships.

At the same time, coordinating the efforts of 20 individual federal agencies is inherently challenging. Each has its own set of interests, resources, and constituencies. In prior work, we have identified barriers to coordinating programs and initiatives across the federal government, including competing missions, concerns about protecting resources, and a lack of clearly articulated roles and responsibilities.¹⁸ As we noted in our 2006 report, these barriers may have affected the Commission's efforts to coordinate federal programs—as well as its ability to streamline federal financial literacy initiatives to make the best use of scarce resources.

Mr. Chairman, this concludes my prepared statement. I would be happy to answer any questions you or other Members of the Subcommittee may have.

¹⁸GAO, *Managing for Results: Barriers to Interagency Coordination*, [GAO/GGD-00-106](#) (Washington, D.C.: Mar. 29, 2000), and *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

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