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The Federal Reserve System's Role in Economic and Financial Literacy – Rationale, Activities, and Impact

Abstract

This paper provides an overview of the economic and financial education efforts of the Federal Reserve System. We discuss a number of financial education programs and resources, and we touch on a number of evaluative efforts that document the impacts of these initiatives in terms of increased knowledge and improved financial management behaviors, at least at the household level. We also share some abstracts of financial education research and impact studies conducted by Federal Reserve staff. These data hint at the potential relationships between financial education and community involvement and give us some hope that financial education programs really are making a difference in communities, and that we will some day be able to document those differences more robustly.

Educating people about their personal finances is like dropping a rock into a lake or pond – the ripples extend outward with wider and wider effects. Well-informed, well-educated, economically and financially literate consumers can create economic ripples. They make better financial decisions for themselves and their families, increasing their economic security and well being. They are in a position to obtain better jobs and create a desirable pool of labor for employers. Secure families are more involved in their communities as home owners, tax payers, and voters. They are more involved as parents with their children's teachers and schools, enabling better educational and economic outcomes for their children. They contribute to vital, thriving communities, further fostering community economic development. Thus, being economically and financially literate is not only important to the individual household and family, it is also important to communities and societies.

Over the last several years, the issues of economic and financial literacy and education have risen on the agenda of educators, community groups, businesses, government agencies, organizations, and policy makers (Government Accountability Office, 2004; International Monetary Fund, 2005; OECD, 2005; OECD, 2006). Increasingly over the last few years there has been a steady stream of articles and news reports highlighting efforts to provide financial education to consumers. A quick survey of press releases in the U.S.A. reveals more than 420 releases on financial and economic education in 2006. The majority of these focused on financial education for youth, teenagers, and young adults.

The topic has also attracted the university research community. Since the mid-1990's there has been a great deal of research on the issue of financial education, either from a policy perspective (Bayer, Bernheim and Scholz, 1996; Bernheim, 1998; Braunstein and Welch, 2002; Caskey, 2001; Fox, Bartholomae and Lee, 2005) or a pragmatic perspective (Bowen, 1996; Garman, 1998; Hogarth and Swanson, 1993; Lusardi, 2005; Montalto, 2000; Perry and Ards, 2001; Rand, 2004; Toussaint-Comeau and Rhine, 2000). In October 2006, Boston University and the Federal Reserve Bank of Boston co-sponsored a conference on the future of life-cycle saving and investing that featured research on personal finance (see Boston University, 2006) and Dartmouth and NBER sponsored a conference on personal finance education concurrent with this OeNB conference.

The goal of this paper is to present an overview of the economic and financial education efforts of the Federal Reserve System. In the process we will look at why the Federal Reserve is involved in these efforts, what activities the Federal Reserve has undertaken as part of these efforts, what evidence we have of impact and outcomes, and what challenges we face in the years ahead.

1 Rationale

An effective and efficient marketplace requires knowledgeable consumers, able to make informed choices. In classical Adam Smith economics, informed consumers provide the checks and balances that keep unscrupulous sellers out of the market. For example, if all consumers had "complete information" about mortgages, predatory lenders would not be able to gain a foothold in the marketplace and negative amortization and payment shock would not be problems for consumers. And, as Ben Bernanke has said, financial literacy is important "both as a source of better decision making by consumers and as a means of improving the functioning of financial markets" (Bernanke, 2006).

Beyond economic efficiencies, the financial marketplace of the 21st century has become more complex. Alan Greenspan noted that "As market forces continue to expand the range of providers of financial services, consumers will have much more choice and flexibility in how they manage their financial matters. They will also need to accumulate the appropriate knowledge on how to use new technologies and on how to make financial decisions in an informed manner" (Greenspan, 2001).

Take the simple task of opening a bank account. Thirty years ago, you could walk into your home town bank; the tellers and the bank manager knew your name; the product choice was simple; and the bank was on the corner. Today, the bank may still be on the corner, but it is just as likely to be on the Internet; the product choice is much more diverse; and with mergers and acquisitions, the staff may not know you at all. The same holds true for many other products and services – mortgages (that include all permutations of terms and interest rates), home equity loans and lines of credit (products that did not exist 25 years ago), credit cards that come with multiple interest rates and several kinds of fees, and a broad range of investment choices – the list could go on. Information and the ability to decipher and use that information in decision making becomes more necessary as financial products and services continue to expand and as new delivery channels for financial services develop. Even the most financially savvy consumers may have problems keeping up with product development and new delivery channels to make wise choices.

Technology also has transformed the financial marketplace, enabling an increased variety of products, services, providers, and delivery channels. Lenders can collect and process data with sophisticated credit-scoring models to evaluate and price risk more efficiently and make lending decisions more quickly. This in combination with increased securitization of loan portfolios has enabled lenders to extend credit more broadly than in the past, expanding the audience for financial products and, coincidentally, the need for financial education.

This expanding array of products and delivery channels increases the challenge to agencies and organizations charged with consumer protection – and one of the Federal Reserve System's core missions is consumer protection. The Federal Reserve approaches consumer protection through both regulation and education, the theory being that well-educated consumers are in a good position to protect themselves.

Furthermore, over the past 20-plus years there has been a shifting of responsibility for long-term well being away from institutions (employers and the government) to individuals. For example, in 1980, 70% of pension plans were defined contribution (as opposed to defined benefit plans; Conte 1998). By 2004, 93% of plans were defined contribution (U.S. Department of Labor, 2004). In 1980, one-third of workers were covered by defined contribution plans; by 2004, three-fifths (61%) were covered by such plans (Conte, 1998; U.S. Department of Labor, 2004).

Demographics are also a driving force behind the need for financial education. A growing cohort of aging baby boomers will be more responsible for their own retirement income security. As they begin to dissave, national saving rates are likely to decline. Furthermore, these consumers may become targets for questionable or outright fraudulent annuitization schemes. Youth are coming to financial independence with limited role models and experiences. The Jump$tart Coalition for Personal Financial Literacy conducts bi-annual financial literacy tests of high school seniors. In 2006, students answered 52.4% correctly, an increase from 52.3% in 2004, but down from the

56.9% in 1997 (Jump$tart, 2006). Another demographic trend is changing immigration patterns – immigrant groups need to learn to manage in the marketplace of their newly-adopted countries. All of these trends have implications for our financial literacy efforts.

Macroeconomic conditions also provide an impetus for financial education. In a 2005 report on the federal government's role in improving financial literacy, the Comptroller General of the U.S.A. stated: "Finally, I believe that a clear understanding of the country's overall financial condition and future fiscal outlook is an indispensable part of true financial literacy. The financial futures of the American people are shaped not only by their own personal planning and individual investments but also by the fiscal choices made in Washington… Due to current demographic trends, rising health care costs, and other factors, we face the possibility of decades of mounting deficits, which left unchecked will threaten our economic and national security, while also adversely affecting the quality of life and opportunities available to future generations. Americans must be aware of these developments in planning for their own financial futures, since, for example, we can no longer assume that current federal entitlement programs will continue indefinitely in their present form." (Government Accountabilty Office, 2005. p. 2)

A final rationale for encouraging economic and financial education is the community reinvestment and economic development responsibility within the Federal Reserve System and among financial institutions. The Community Reinvestment Act (CRA) is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. It was enacted by the Congress in 1977 and revised in 1995. Through its Community Affairs program, the Federal Reserve System engages in outreach, educational, and technical assistance activities to help financial institutions, community-based organizations, government entities, and the public understand and address financial services issues affecting low- and moderate-income persons and communities. Financial education fits in well with the Federal Reserve System's CRA responsibilities.

Any one of these rationales could be reason enough for the Federal Reserve System to be engaged in economic and financial education – taken together they present a compelling argument for our involvement.

2 Activities

2.1 General Financial Education Activities

In the 1990s, it would have been relatively easy to provide a list of financial education initiatives in the U.S.A.; in 2007, new programs and players are added on a daily basis and it is virtually impossible to maintain a listing of current initiatives. There seems to be an abundance of activity on the financial literacy front. Some researchers (Vitt et al., 2000 and 2005; Jacob et al., 2000) have surveyed a variety of educational community-based organizations to determine the availability and extent of initiatives. In 2000, Vitt identified 91 programs offered by schools, Cooperative Extension programs, colleges (including community colleges), the military, faith-based organizations, community groups, employers and others. Jacob et al. (2000) catalogued school and Cooperative Extension programs as well as those offered by credit counseling agencies, employers, and financial institutions, with a special focus on programs targeted to low-income audiences.

Keeping up with the volume of materials in the area of economic and financial literacy is equally daunting. The Jump$tart Coalition has over 675 resources in its financial education database. The National Endowment for Financial Education lists over 150 educational resources and curricula from a wide range of agencies, organizations, and firms in its Economic Independence Clearinghouse database and many more in its "Smart About Money" site; many of these materials are available in multiple languages. The website *www.mymoney.gov* lists nearly 220 federal government and related partner publications on various personal finance topics.

Legislative and public policy initiatives are also driving the development of financial literacy efforts. Financial education is an important part of Individual Development Accounts (IDAs), a policy initiative launched in the late 1990s to help low-income households build assets. The Savings Are Vital for Everyone's Retirement (SAVER) Act included a substantial retirement savings education program (Saving Matters) as part of this policy (U.S. Department of Labor, 2000). For the transition to an "all-electronic Treasury," the U.S. Department of the Treasury included a consumer education program in their "EFT'99" initiative (U.S. Department of the Treasury, 2000). Although not required by welfare reform legislation (the 1996 Personal Responsibility and Work Opportunity Act), most welfare-to-work programs include some money management information as part of participant training; New Hampshire's Lifeskills for Employment, Achievement and Purpose (LEAP) initiative is one example (University of New Hampshire Cooperative Extension, 2004).

Title 5 of the Fair and Accurate Credit Transactions (FACT) Act created the Financial Literacy and Education Commission, including 20 federal-level government agencies with some involvement in financial education. The commission was charged with developing a web portal for financial education resources (www.mymoney.gov), supporting a toll-free hotline that links consumers to financial education resources (1-888-mymoney), and developing a national strategy to help educate and inform consumers about financial management matters (www.mymoney.gov/pdfs/ownership.pdf).

Most financial literacy initiatives have very specific target audiences. But just as there are numerous initiatives, so too are there numerous target audiences. Youth, military personnel (especially young, enlisted personnel), low-income families, first-time homebuyers, employees, church members, and women are all targets of one program or another. Welfare-to-work programs have also incorporated financial education. There are programs targeted to various ethnic groups (for example, initiatives for Native Americans), various situational groups (including pre-release prisoners), and various demographic groups (such as new parents or pre-retirees). The National Endowment for Financial Education (NEFE) has collaborated with nearly 70 national nonprofit organizations to create publications for separate, unique constituencies (NEFE, 2007). In essence, it would be difficult for a U.S. consumer not to be part of a target audience for at least one financial literacy initiative. However, there are a few target audiences that bear special mention.

Because home ownership is both a major investment and a major asset for families, first-time homebuyers are a key audience for many financial literacy programs. These initiatives often target low- to moderate-income families (see, for example, Neighborworks, 2007; National Community Reinvestment Coalition – NCRC, 2007). Some programs cover both pre-purchase and post-purchase topics, working with families over several years to clean up their credit records, find affordable housing, and prevent delinquency and default (see, for example, Fannie Mae, 2007; Freddie Mac, 2007).

As is evident from some of the survey data, youth also are an important audience for financial literacy initiatives. Clearly, the advantage to educating youth is that they then grow up into financially literate adults. The Jump$tart Coalition for Personal Financial Literacy, a broad-based coalition of nearly 190 agencies, organizations, and firms, is "dedicated to improving the financial literacy of kindergarten through college-age youth by providing advocacy, research, standards and educational resources. Jump$tart strives to prepare youth for life-long successful financial decision-making." (Jump$tart, 2007).

A program housed within the Federal Deposit Insurance Corporation, Money Smart, seeks to "help adults outside the financial mainstream enhance their money skills and create positive banking relationships," (Money Smart, 2006). The goal of the program is to provide financial stability for individuals and families as well as communities.

While most literacy initiatives function in a preventive mode (i.e., trying to prevent people from getting into problems), some offer curative programs for consumers with credit problems (NFCC, 2007; InCharge, 2004). For many, this is a highly teachable moment in their financial lives. The 2005 Bankruptcy Abuse Prevention and Consumer Protection Act (Public Law No. 109-8) requires counseling prior to filing for bankruptcy and provides for debtor education as condition for final discharge from bankruptcy. Generally, these programs start off with a counseling format, customized to the consumers' needs; but most organizations involved in credit counseling also offer basic financial education.

2.2 The Federal Reserve System's Financial Education Activities

Federal Reserve activities are designed to avoid duplication of efforts and make use of our comparative advantages to complement other financial education efforts. The Board and the Reserve Banks are active in (1) increasing access to information about financial products and services, (2) promoting awareness of the importance of financial education and building capacity to conduct financial education, (3) collaborating with educational and community organizations to provide financial education resources, and (4) promoting research and identifying best practices for financial education (Bernanke, 2006). A sampling of specific Federal Reserve initiatives is included in an appendix to this paper.

2.2.1 Increasing Access to Financial Information

Many of the consumer protection laws in the U.S. include disclosure requirements for consumers. Thus, when consumers shop for a credit card, consumer loan, mortgage or savings product, financial institutions must provide some information about interest rates, fees, and other product features. However, we know a couple of things about this information – it can be a challenge to make the information clear to consumers, and sometimes the required disclosures are not everything a consumer needs to know about the particular product or service.

Effective disclosures need to be easy to read (for example, in a readable font and format), clear and understandable, and allow consumers to make comparisons or otherwise act on the information included. Since 1996, the Federal Reserve Board has conducted consumer focus groups to help us improve disclosures and provide consumers with the information they need and want. More recently, the Board has expanded consumer testing by conducting cognitive interviews and usability testing for projects on privacy notices (see www.ftc.gov/privacy/privacyinitiatives/financial_rule_inrp.html) and credit card disclosures (see www.federalreserve.gov/boarddocs/press/bcreg/2007/20070523/default.htm).

The Board and the Reserve Banks also provide consumer information, in print and on the web, that complements the information consumers find in disclosures (see www.federalreserve.gov/consumers.htm). These materials enable consumers to go into more depth on the particular features of a credit card or mortgage and allow them to process the information in the disclosures so that they can better apply it in their decision making. These materials are often produced in cooperation with other federal agencies; all are tested with consumers and community educators. Community-based educators and financial counselors appreciate the high-quality, unbiased information in the Federal Reserve's materials.

2.2.2 Promoting Awareness of Financial Education and Building Capacity

The Chairman of the Federal Reserve has been willing to speak on the importance of financial education, and his words carry weight in many circles. Both Chairman Bernanke and Chairman Greenspan have spoken and testified on financial education efforts and have participated in financial education classes in the Washington DC school system, including April 2007's Financial Literacy Month activities (Bernanke, 2007). The fact that the Board supports financial education throughout the organization sends an important signal to the financial services community as well as to educators.

In 2003, the Federal Reserve System sponsored a national campaign to call attention to the value of personal financial education and the wide variety of financial literacy tools and resources available. This multi-media initiative, entitled "There's a Lot to Learn about Money," included a public service announcement and a toll-free number for obtaining financial education resources. The Federal Reserve System also hosts an economic and financial education website, www.federalreserveeducation.org. The site includes materials for teachers, students, and consumers and links to a wide variety of financial education resources at the national, regional, and local levels.

Beyond merely promoting awareness of the importance of financial education, the Federal Reserve System also works to build the capacity of others to conduct economic and financial education. Across the System, Federal Reserve Banks host training sessions for teachers from a variety of disciplines, including social sciences, math, and consumer sciences. To promote economic literacy more broadly among the general public, the Minneapolis Reserve Bank hosts an annual training session, "Supply, Demand, and Deadlines," a workshop on economics for newspaper reporters and writers to help them more effectively communicate economic and financial information. Federal Reserve Community Affairs staff also conduct training for community educators to help them in their work with low- to moderate-income families.

2.2.3 Collaborating with Educational and Community Organizations

The Federal Reserve recognizes the synergies that result from strategic partnerships with other agencies and organizations. Staff members from the Federal Reserve Board advise and assist national organizations such as the Jump$tart Coalition for Personal Financial Literacy, the Conference of Mayors' DollarWi$e Campaign, Operation HOPE, the American Savings Education Council, the FINRA Investor Education Foundation, and America Saves on the development of policies, programs, materials, and partnerships. The Federal Reserve Board also participates in the federal government's Financial Literacy and Education Commission.

The Federal Reserve Banks have joined with regional organizations to address financial education needs in their local communities. For example, the Federal Reserve Bank of Chicago sponsors their annual "MoneySmart Week," partnering with banks, businesses, government agencies, schools, community organizations, and libraries to host activities designed to help consumers learn how to manage money. The Federal Reserve Banks of San Francisco and Minneapolis have worked with leaders in the Native American community to develop financial education materials.

Schools are important partners for the Federal Reserve's education efforts. The Fed Challenge is an academic competition that offers high-school and college students the opportunity to learn more about how the Federal Reserve develops monetary policy and how those policies affect the economy. Federal Reserve Bank economists work with local teachers to develop a Fed Challenge team, which competes at local, regional, and national levels. Several Reserve Banks host essay contests for high school youth, designed to promote writing skills, encourage economic thinking, and help students apply economic concepts to the real world.

2.2.4 Promoting Research and Identifying Best Practices

It should come as no surprise that the Federal Reserve also conducts and promotes research relevant to financial education. The Federal Reserve Board's triennial Survey of Consumer Finances provides a wealth of data on U.S. families' assets, borrowing, retirement saving, and use of financial institutions (the data are available at www.federalreserve.gov/pubs/oss/oss2/scfindex.html). Many researchers and advocates use this data set to analyze conditions and trends in consumer finances and to seek to understand how consumer behaviors might relate to economic outcomes. The Federal Reserve System's biennial Community Affairs Research Conference also serves to encourage new research on financial education and community development topics (conference proceedings are available at www.federalreserve.gov/community.htm). The Federal Reserve Bank of Chicago maintains the Financial Education Research Center (www.chicagofed.org/cedric/financial_education_ research_center.cfm), which provides access to online resources for researchers, educators, and program developers.

Box 1

Unlocking the Risk-Based Pricing Puzzle:
Five Keys to Cutting Credit Card Costs

The purpose of this research was to examine the extent to which risk-based prices (measured as APRs) are correlated with risky behaviors. We focus our discussion on those who carry over a balance from month to month, because the conventional wisdom is that individuals who only use their credit card for transactional purposes focus less on their APR than on other features. The APR affects those with a balance as they must pay the interest on their outstanding balance every month, and consequently, they stand to save more money by lowering their interest rates.

Controlling for risk measures, few demographic and socioeconomic variables had an association with the interest rate. And while some of these characteristics may be associated with the interest rate, it is difficult to make recommendations to consumers about things that they cannot control, nor do we want to tell consumers to completely change their lives.

Top 5 Things Consumers Could Do to Lower Their Credit Card Interest Rate

Five behaviors had a significant affect on the interest rate. To illustrate potential savings we use examples based on the median balance revolved (USD 2,380) and the "intercept" interest rate of 17.0%. We assume that consumers do not charge any more to their credit card, that a single interest rate applies to the full balance, the rate does not change during the payoff period, there are no additional fees or penalties, and consumers pay all of the finance charges plus 3% of the balance with a minimum total payment of USD 20. At the baseline, this "Sample Consumer" would end up paying USD 1,774.91 in interest over the life of the debt as they pay down the balance to zero.

Behaviors that Lower Rates and Save Money[1]

	Rate in %	Interest Paid in USD	Potential Savings in USD
Base	17.00	1,774.91	–
Pay on time	15.23	1,461.90	313.01
Decrease utilization by 10%	12.37	1,089.81	685.10
Increase risk tolerance to substantial	15.06	1,434.48	340.43
Shop more	15.09	1,439.27	333.64

[1] *Assumptions: Balance = USD 2,380, completely paid off, consumers do not add to the balance*
Single interest rate applies to the full balance, no interest rate changes during payoff period
No additional fees or penalties
Payments = all finance charges + 3% of balance

__1. Pay Bills On Time:__ As part of the credit card industry's "penalty" interest rate system, missing a payment could cause the card issuer to increase the consumer's interest rate to the higher penalty rate. In our model, consumers who pay their bills on time would have lower interest rates by 177 basis points.

If our Sample Consumer cleans up their credit record and never has a late payment, their interest rate would be 15.23%, resulting in a saving of USD 313.01 in interest over the base group.

__2. Decrease Credit Utilization:__ Credit utilization is the ratio between the credit card balance and the credit limit. To cut this rate, the consumer would have to decrease the credit card balance. If they reduce the balance, they save money in two ways – they decrease their credit card interest rate and this lower rate gets applied to the smaller balance, resulting in lower interest costs. The utilization rate is a percentage (for example, if the credit limit is USD 1,000 and the balance is USD 500, the utilization rate is 50%); lowering the rate by 1% (in our example, from 50% to 49%) was associated with a 43 basis point reduction in the interest rate.

If our Sample Consumer reduced their credit utilization ratio by 10 percentage points, they could reduce their interest rate by 433 basis points to 12.67% from 17.00%, paying USD 1089.81 in interest, a savings of USD 685.10.

__3. Become More Financially Educated:__ Becoming financially educated increases consumer confidence and ultimately helps consumers actively manage their credit. Although we do not have a variable that directly measures financial education, the amount of risk consumers are willing to take can be a proxy for financial sophistication. An improved understanding of financial products, including stocks, bonds, and credit products allows consumers to conduct more sophisticated financial transactions – and they may be able to take on more informed risk. Additionally, consumers with more financial education may be able to make better choices among credit card offers as they are better able to recognize the bad ones. By being willing to take on more risk, consumers could find rates that are 194 basis points lower.

If our Sample Consumer was able to tolerate substantial risk, they could reduce their interest rate from 17.00% to 15.06% and pay USD 1434.48 in interest, saving them USD 340.43.

__4. Shop More For Credit:__ The proliferation of credit cards has increased competition between card companies; shopping for credit allows consumers to tap into this competition. Our model predicts that increasing the amount of shopping is associated with a decrease in the interest rate. When consumers do more comparison shopping, they are more likely to find a lower interest rate – our model predicts a 191 basis point reduction – and perhaps other card features that provide added benefits. With additional information, consumers would be able to make more informed decisions when choosing their credit card.

If our Sample Consumer had conducted more research to choose their credit card, they could reduce their interest rate by 191 basis points to 15.09% would pay USD 1,439.27 in interest, saving USD 335.64.

__5. Pay Off the Credit Card Balance:__ Depending upon the amount of the balance carried, it is understandable that consumers may not be able to pay off the entire balance on their credit card. But they could start paying more each month to systematically reduce their balance. As this pattern continues, they could eventually gain the ability to pay off their entire balance monthly. Once this occurs, they could maintain this payment pattern. By implementing this behavior, they could reduce their interest rate by 104 to 161 basis points.

A dollar saving for this behavioral change is difficult to calculate because of the compounding effects of paying down the credit card balance and the interest rate change. However, if the interest rate remained constant and the Sample Consumer paid off 4% of their balance, instead of 3%, the resulting interest would be USD 1,152.57, a savings of USD 622.34. And if the interest rate was reduced by 104 basis points they would save USD 190.36. Therefore, the approximate total potential savings would be USD 622.34 + USD 190.36 or USD 812.70.

Conclusion

Understandably, consumers cannot change all five behaviors at once, but if they start to make small adjustments these can eventually add up to hundreds of dollars saved in interest through lower interest rates. This process takes time, but the first step is to understand that consumers can affect their interest rates through their actions. Next, they need to actually make the changes that will reduce their interest rates. Lastly, consumers will need to be proactive in dealing with credit card companies and ask for lower interest rates.

Source: Hazembuller, Lombardi and Hogarth (2007).

The field of behavioral economics is closely connected with consumers' decision making and financial behaviors. The Federal Reserve Bank of Boston's Research Center for Behavioral Economics and Decision Making is currently evaluating a credit repair education program, available to taxpayers filing for the Earned Income Tax Credit at volunteer tax preparation sites where Reserve Bank staff offer their assistance. This study seeks a better understanding of the underlying determinants of credit problems and ways in which credit counseling can improve individuals' credit scores. Staff in the Division of Consumer and Community Affairs have collected and analyzed consumer data that link financial knowledge, experiences, and behaviors as well as the impacts of consumer behavior on risk-based pricing and consumer information search and financial decision making.

One of the key research questions in the field of financial education is "does it work?" That is, does financial education improve behaviors and outcomes for consumers? Toward this end, the Federal Reserve undertakes and promotes research that aims to increase our understanding of the financial education programs and delivery channels that work best. Board staff have collaborated with faculty from the University of Vermont to study the long-run impacts of financial education programs, not only on personal outcomes but also on community development outcomes. Board staff are also collaborating with the Department of Defense to conduct a longitudinal study of the effect of military-sponsored financial education on soldiers' financial behaviors. Staff from the Philadelphia Federal Reserve Bank are engaged in an evaluation of homeowner counseling programs and staff from the Kansas City Reserve Bank are involved in evaluating an employee education program.

3 Impacts

There are a number of ways to measure impact. The beginning of this paper outlined the possible outcomes of financial and economic education.

Thus, logical measures of impacts would reflect these outcomes: Are people making better financial decisions? Are they more economically secure? Has the labor pool expanded? Are households more engaged in their communities as home owners? Are the citizens are making better decisions as tax payers and voters? Are communities are vital and thriving? One is tempted to look at macro indicators – savings rates, bankruptcies, educational outcomes for youth – but many of these changes can take time, and longitudinal studies can be costly.

In the shorter-run, there are some other measures of impact that we can turn to – for example, increased awareness and visibility of financial education as an issue and increased funding for financial and economic education initiatives. And there is some evidence of these impacts.

3.1 Awareness and Visibility

When the Jump$tart Coalition was formed in 1995, three states had a mandated financial education component. By 2007, 21 states have passed laws requiring some form of financial education in the primary or secondary school curriculum. In addition, other states have added selected financial management skills to their standards of learning tests with a clear expectation that teachers will "teach to the test."

At the federal government level, financial education has also gained visibility. The 2003 FACT Act created the Financial Literacy and Education Commission, involving 20 federal agencies. The frequency of Congressional hearings on the topic has increased over the years, from virtually none in 2000 to several in the 2006–2007 time frame. And the topic is not just being discussed in the Banking and Financial Services Committees; it is also being addressed in the Oversight and in the Homeland Security and Governmental Affairs Committees. There is a House Caucus on Financial and Economic Literacy that has hosted an annual Financial Literacy Day on the Hill since 2005.

Organizations such as the Ford Foundation (Gwatkin and McCarthy, 2003) and the Urban Institute (Bell and Lerman, 2005; Lerman and Bell, 2006) have added financial education to their agendas. And advocacy groups, such as CFED (formerly the Center for Enterprise Development) and the New America Foundation have started to incorporate more financial education into their programs and plans.

As indicated earlier, in the 1990s it would have been fairly easy to catalogue the set of financial education resources and the private, public and not-for-profits sources that facilitated financial education. Today, it would be hard to find a bank, securities firm, insurance company, or other major financial services firm that does not provide some support for financial education. Likewise, the number of local, state, and regional agencies and organizations that have joined the cause has grown substantially.

3.2 Funding for Financial Education Initiatives

Awareness and visibility of an issue may be important, but without funding, initiatives can die on the vine. In the past, many other financial services firms have supported consumer financial education. For example, in the early 1990's, ATandT Universal Card Services funded four years of credit education initiatives. Later on in that decade, American Express funded a number of financial education initiatives on credit education and assisted in creating a clearing house for financial education resources.

Across the years, funding for financial and economic education initiatives has increased substantially – for example:

– In 2003, the FINRA (formerly the National Association of Securities Dealers) Investor Education Foundation was established; it is currently funded by more than USD 50 million in settlement money from fines.
– In 2003, Take Charge America, a consumer debt-counseling organization, established a USD 10 million endowment for an Institute of Consumer Financial Education and Research at the University of Arizona.
– In 2004, Citigroup committed to providing USD 200 million in funding world-wide over 10 years, generally for grants to local groups conducting financial education.

However, measures of increased visibility, awareness, and funding are really only intervening measures and may not correlate directly with the ultimate impact we want from our financial education programs – that is, consumers and communities that are financially and economically secure.

3.3 Micro Studies of Educational Impacts

For a family, getting one's financial house in order can take time, and longitudinal studies to prove that a particular program is effective are costly to conduct. However, there have been some impact and evaluation studies that show that financial education can make a difference.

The NEFE High School Financial Planning Program, which has educated over 2 million high school students in basic personal finance concepts, has had a strong post-program impact on students (Danes, 2004). An evaluation of 483 teachers and 5,329 students across the country revealed that participating teens maintained increases in financial knowledge and skills over a three-month period after having taken the course. Nearly two-fifths (59%) understood the costs of buying on credit and more than half (53%) knew about investments. Connecting increased knowledge to behavior, the study found that more than half of the teens (53%) improved skills for tracking spending and two-fifths (60%) reported a change in their saving patterns. Upon completion, nearly four-fifths (78%) reported feeling more confident about managing their money.

Money 2000, a Cooperative Extension System program that focuses on debt reduction and/or savings accumulation, included an extended-period behavioral monitoring program (O'Neill, 1997). Emphasis was placed on achieving specific measurable goals set individually by enrollees. Eight out of ten respondents (80.4%) affirmed that the program improved their financial situation. As of the end of 2000, over 13,000 participants in 22 states reported a cumulative increased savings of USD 10,618,271 and a cumulative decrease in consumer debt of USD

8,247,219 (a total effect of USD 18,865,490; Money2000, 2000).

Bernheim et al. (2001) studied the relationship between high school financial curriculum mandates and adult savings patterns and net worth. The study concluded that mandates increase exposure to financial education, and financial education is associated with higher savings rates and higher net worth. They conclude, "education may be a powerful tool for stimulating personal saving" (Bernheim et al., 2001, p. 426).

Individual Development Accounts (IDAs) are a policy initiative designed to help low-income families build wealth (see, for example, Sherraden, 1991). IDAs are meant to improve access to savings institutions for the poor by providing matching funds for savings toward home ownership, higher education, and microenterprise. The American Dream Demonstration (ADD) project evaluated data on IDAs of 2,378 participants (Schreiner et al., 2002). The data showed that average monthly net deposits per participant were USD 25.42. On average, participants saved 67% of their monthly savings target. The average match rate was two-to-one, and participants accumulated about USD 900 per year in their IDAs. Financial education was part of the IDA initiative; the ADD data showed that average monthly net deposits "increased sharply as hours of general financial (education) attendance increased from zero to 12, after which it leveled off" (Schreiner et al., 2001, p. 115). This finding seems to confirm Bernheim et al. that education is a powerful tool for stimulating savings.

Hirad and Zorn (2001) examined the effects of pre-purchase homeownership counseling on reducing 90-day delinquency rates. "Counseling" was defined as "specific and tailored to the particular needs of the individual, while education typically is administered in a generic program" (Hirad and Zorn, 2001, p. 5). Only consumers with at least 18 months of data were included in the study. Data on almost 40,000 mortgages revealed that borrowers receiving counseling had a 19% lower 90-day delinquency rate than those without counseling. Moreover, borrowers receiving counseling through individual programs experienced a significantly greater reduction in delinquency rates, 34% compared to 26% reductions for borrowers receiving classroom counseling, and 21% for those receiving home-study counseling. This study provides an important implication for the need to personalize the educational experience – education may work best when combined with counseling, coaching, or mentoring.

There is, however, some limited evidence that education may not always work. In a study of Chapter 13 debtors, Braucher (2001) found that, controlling for some other factors, consumers who attended debtor education were about 12% less likely to complete their repayment programs. One possible explanation for this counter-intuitive result is that the effects of other unmeasured variables, such as income level, level of debt, and format of the educational program may be confounding the results of the program.

These examples plus others, summarized briefly in the table below, provide some concrete evidence that financial education – in various forms – can work to improve the economic status of families. However, it is important to remind ourselves that at the same time these programs are showing positive impacts at the micro level, we still see evidence of problems with credit and bankruptcy and with a lack of planning and participation in retirement savings at the macro level. There is still room for improvement in the financial literacy levels of U.S. households.

Table 1

Summary of Financial Education Impact Evaluations

Authors	Date	Audience/Program	Content
Shelton and Hill	1995	Low- to moderate-income first-time home buyers	Connection between financial education and participants' effective budgeting behavior and home-ownership preparedness
DeVaney, Gorham, Bechman, and Haldeman	1996	Women's financial management	Participants changed attitudes and selected financial management behaviors
O'Neill	1997	Money 2000	Improved financial situation; self-anchoring goals achieved (debts reduced, savings increased)
Boyce and Danes	1998	NEFE High School Financial Planning Program	Teens maintained increases in knowledge and skills; increased confidence in managing money
Garman, Kim, Kratzer, Brunson and Joo	1999	Employees	Workplace financial education improves financial decision making and increases confidence in investment decisions
O'Neill, Xiao, Bristow, Brennan and Kerbel	2000	Money 2000	Changes for 15 financial behaviors and attitudes
Bernheim, Garrett and Maki	2001	Students in states with financial education mandates	Mandates increase exposure to financial education; financial education associated with higher saving rates and higher net worth
Clancy, Grinstein-Weiss and Schreiner	2001	IDA participants	Variations in content materials, quality of teaching, teacher/student ratio affect program evaluation; differentiate financial education in general versus financial education as delivered by a specific program
Braucher	2001	Bankruptcy clients	Those attending debtor education were less likely to complete repayment programs
Hirad and Zorn	2001	Home buyers	Among a variety of pre-purchase educational tactics, counseling was associated with lower rates of 90-day delinquencies
Kim, Kratzer and Leech	2001	Employees	Workplace financial education increases participation in 401k plans
Schreiner, Sherraden, Clancy, Johnson, Curley, Grinstein-Weiss, Zhan and Beverly	2001	IDAs and American Dream Demonstration	Monthly net deposits per participant increased as hours of financial education increased from 0 to 12
Elliehausen, Lindquist and Staten	2002	Credit counseling program	Those going through one-on-one counseling had higher credit scores and better credit management practices.

Table 1

Summary of Financial Education Impact Evaluations

Authors	Date	Audience/Program	Content
Brobeck, Clarke, Wooten and Wilkening	2003	America Saves	Participants increased interest more than confidence and confidence more than knowledge in saving and wealth-building; motivation alone is not enough to make informed decisions and institute behavioral changes
Lyons and Scherpf	2003	Money Smart – low income families	Increased financial knowledge, better able to manage finances
Anderson, Zhan and Scott	2004	Low-income families	Incentive is an important factor when designing financial education programs
Bernartzi and Thaler	2004	Save More Tomorrow – workers	Increases in 401k savings out of future raises; increased participation rates and increased contribution rates
Danes	2004	NEFE High School Financial Planning Program	Teens increased knowledge, skills, and confidence in managing money, and maintained these increases over a three-month period
Lusardi	2004	Health and Retirement Study	Financial education (attending retirement seminar and asking for Social Security estimate) associated with increases in financial net worth and total net worth
Rand	2004	Welfare recipients and low income workers	Knowledge gains across several categories of financial management; increases/improvements in several financial management behaviors
Rupured	2004	Consumer Financial Literacy Program, University of Georgia	Better account management, increased savings
VISA	2004	Washington DC metro area high school seniors	High school seniors increased knowledge in money management, credit cards, and how to achieve financial goals with continuous improvement over a period of four months
Hagedorn	2004	1st–4th graders in Cleveland and Chicago – Money Savvy program	Positively affected students' attitudes and knowledge about spending, saving, and investing money
Hogarth, Hilgert and Kolodinsky	2004	Community development credit union members	Study over 3 years; benefits of education for consumers, their families, their community
Hira and Loibl	2005	Employees of an insurance company	Better understanding of personal finances and future impacts; gains in confidence in future financial situation and increase company loyalty
Hagedorn	2005	Children in Cleveland, Washington State, Chicago, North Dakota (Money Savvy program)	Increased general knowledge about spending, saving and investing money for youth
Lyons, Palmer, Jayaratne and Scherpf	2006	Financial education providers (community educators and others)	A review of the evaluation capacity of community educators and others delivering financial education programs
Lyons, Chang and Scherpf	2006	Low-income program participants	Behavior changes related to both education and level of experience; those with less experience reported greater behavior changes

Table 1

Summary of Financial Education Impact Evaluations

Authors	Date	Audience/Program	Content
Hagedorn	2007	Children in public schools in Memphis, TN (Money Savvy program)	Similar results for other Money Savvy programs
State University of New York	2007	Economically-disadvantaged adult learners	Improved financial attitudes and increased saving; students improved continuously during and after the two year program

Box 2

The OCU Case Study

In 2001 and again in 2004, members of the Opportunities Credit Union (OCU, a community development credit union in Vermont) were surveyed regarding their involvement with the credit union – for example, which services they used (savings, transactions, lending, and a variety of educational services) and which of these services they found to be first, second, and third "most important." Members were also asked whether and to what degree OCU helped them manage their money, get their finances on track, pay off debts, expand their financial goals, save more, have more assets, increase household income, improve job opportunities, improve housing opportunities, become more self-confident, improve their quality of life, feel more hopeful, and be more involved in their neighborhood and community. These measures represent the outgoing ripples of the impacts of financial education:

- *First-level benefits of membership are defined as those directly related to household financial management*
- *Second-level benefits relate to the households' interactions with their near environment – housing, jobs, etc.*
- *Third-level benefits are the most "macro" in nature, including increases in confidence, perceived quality of life and hopefulness, and involvement in the community.*

Here we report on the links between the use of educational services offered by OCU and members' assessment of their ability to manage their money, get on track financially, and so forth. Because the data are a longitudinal panel, and because of the usual problems with attrition and non-response in panel data, we have fewer than 50 observations and are only be able to present a descriptive analysis across the three-year period. Nonetheless, we feel these data provide some valuable insights into the potential links between financial education, financial services, and community development outcomes.

In 2001, 13% of respondents indicated that the credit union's educational services were the "most important" service they used; by 2004, no one said educational services continued to be the most important, although 38% indicated they were the second- or third-most important credit union services used. The specific education services included in the survey were budget counseling programs, credit repair, member newsletters, advisory services, homeownership counseling, home bridge programs, and super savers.

Savings and Loan Balances

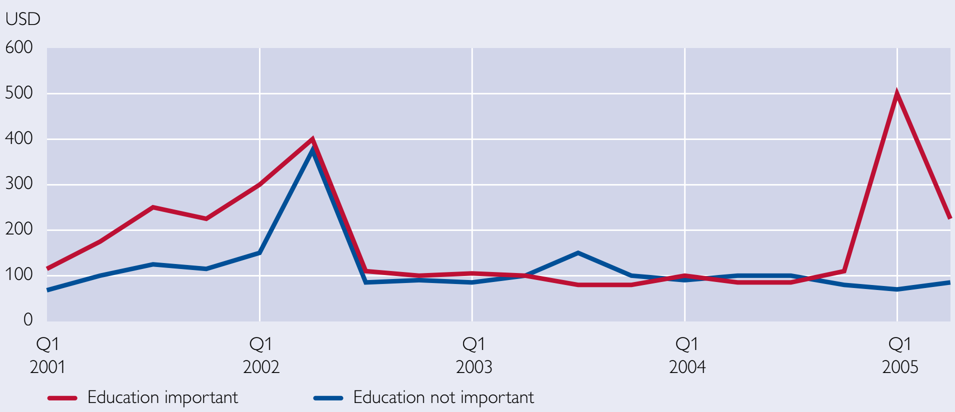
Data from 2001 to 2004 show some interesting trends in savings and lending patterns. In general, those who said educational services were important had higher levels of savings at the start of data collection in 2001 and at the end of data collection in 2004 (table). While this group had higher loan balances than their counterparts in 2001, they had lower balances by 2004.

Savings and Loan Balances in First Quarter 2001 and in Final Quarter 2004, by Importance of Educational Services Reported in 2004

	Those in 2004 who did *not* say educational services were important	Those in 2004 who said educational services were important
Savings balance	USD	USD
1st quarter, 2001 data	68	115
Final quarter, 2004 data	82	223
Loan balance		
1st quarter, 2001 data	369	647
Final quarter, 2004 data	882	82

However, these "end point" data mask some of the more interesting variations over time, particularly with respect to savings patterns. As seen in the graph below, there seems to be quite a bit of variability. One hypothesis consistent with this pattern is that households save up for something and then buy it with their savings, thus depleting their savings. What is interesting is that there is variability among both those who said OCU educational services were important and those that did not.

Savings Balances from 2001 to 2004



Source: Opportunities Credit Union.

Financial Education and Community Involvement

We next looked at whether members reported any first-, second-, or third-level benefits and the role that financial education played (table). Financial education seems to make the biggest impact at the primary benefit level. In 2001, 59% of those saying educational services were important reported a first-level benefit while only 30% of those saying educational services were not important reported a first-level benefit. Although larger proportions of members reported first-level benefits in 2004, the differential remained between those who felt educational services were important and those who felt they were not. In part, this "education differential" may be because many OCU members are still working on these first-level benefit skills.

Interestingly, between 2001 and 2004 reports of second-level benefits went down, although the role of education remained important. Education for this category of benefits extends beyond basic money management, to investing, acquiring and managing assets, and extending financial goals beyond the near-term. As members stay with the credit union (that is, if they don't graduate to a bank), OCU may need to investigate higher levels or different kinds of financial education.

Reports of third-level benefits remained the same across the three years, with slightly higher proportions of those saying that education was important reporting these third-level benefits (77% versus 74%).

Percent Experiencing First-, Second-, or Third-Level Benefits from Credit Union Membership by Year and Importance of Financial Education Services

%

	2001			2004		
	Reporting benefit in 2001	Those in 2001 who did *not* say educational services were important	Those in 2001 who said educational services were important	Reporting benefit in 2004	Those in 2004 who did *not* say educational services were important	Those in 2004 who said educational services were important
First level	41	30	59	57	48	71
Second level	84	78	94	62	67	71
Third level	74	74	77	75	74	77

Source: Hogarth, Hilgert and Kolodinsky (2004).

The table reads: Looking at the 2001 answers of the respondents from 2004, 41% reported a first-level benefit; among those in 2001 who said educational services were not important, 30% reported a first-level benefit compared with 59% of those who said educational services were important. By 2004, 57% of respondents reported a first-level benefit; among those in 2004 who said educational services were not important, 48% reported a first-level benefit compared with 71% of those who said educational services were important.

Although it is clear that financial education is beneficial and has a positive impact on the lives of consumers, what kind of an impact and to what degree are often difficult to measure. Increased knowledge does not necessarily change behavior. Researchers and practitioners continue to debate the rigor of various evaluation techniques and the measures to use (Lyons, 2005). While knowledge, attitudes, behaviors, and outcomes (dollars saved or debt reduced) are often the metrics, researchers and program evaluators are beginning to coalesce around the desirability of outcome measures.

In addition, the wide variety of financial education objectives makes measuring changes in behavior difficult. A study evaluating the impact of mortgage counseling on first time home buyers would have to be conducted very differently than one measuring the change in financial knowledge of high school students as the result of a financial education curriculum. Evaluation frameworks need to be tailored to fit the program and individual objectives. Sebstad, Cohen, and Stack (2006) lay out a framework for evaluating financial education programs and state that "Any evaluation strategy needs to start by defining a specific set of questions, relevant levels of analysis, and measurable indicators. The choice will depend on the purpose of the assessment, the audience, and resources available. It also will depend on what reasonably can be expected to change as a result of the program within the time frame of the study" (Sebstad, Cohen, and Stack, 2006, page 4).

In 2007, the National Endowment for Financial Education released an evaluation toolkit designed to help community groups conduct evaluations and assess the impacts of their programs (see www.nefe.org/eval/). The toolkit consists of two online components: a manual and a database. The manual provides information on designing the measurement tool, collecting and analyzing the resulting data, and developing reports to stakeholders. The database provides sample evaluation questions and helps educators design an evaluation for their financial education program.

4 Challenges and Conclusions

We began this paper with a goal of providing an overview of the economic and financial education efforts of the Federal Reserve System. We discussed a number of financial education programs and resources, and we touched on a number of evaluative efforts that document the impacts of these initiatives in terms of increased knowledge and improved financial management behaviors, at least at the household level.

It is important to keep in mind that knowing and doing may be two different things. Financial education, often associated with increasing knowledge, may require a combination of information, skill building, and motivation to make the desired changes in behavior. The distinction between information and education is an especially important point for policymakers and program leaders making decisions about the allocation of resources. Financial education and awareness campaigns and learning tools (for example, websites or brochures), all important in their own right, may need to be coupled with audience-targeted motivational strategies to elicit the desired behavioral changes in financial management practices.

As Bernanke testified in 2006, "Financial education is a critical component of a robust and effective financial marketplace, but it is not a panacea. Clear disclosures, wise regulation, and vigorous enforcement are also essential to ensuring that financial service providers do not engage in unfair or deceptive practices." (Bernanke, 2006) It is also important to keep in mind that financial education is only one part of an economic development strategy. Financial education can serve to complement other policies that enable financial access, provide for substantive protection in the financial marketplace, and offer mechanisms for redress. Also, it is necessary to note that education may need to be accompanied by advising – although general education and financial education courses can be helpful, consumers need to apply what they learn to their families and their situations. In the end, personal finance is, after all, personal.

Making the link between financial education and macroeconomic outcomes is a bit thornier. Logically, financially-educated consumers should make better decisions for their families, increasing their economic security and well being. Secure families are better able to contribute to vital, thriving communities, further fostering community economic development. But identifying and documenting those links is difficult – data hint at the potential relationships between financial education and community involvement and give us some hope that financial education programs really are making a difference in communities and societies, and that we will some day be able to document those differences more robustly.

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Appendix

Financial Education Programs and Foreclosure Mediation Initiatives of the Federal Reserve System[2]

In Order of Federal Reserve Bank District

Federal Reserve System

American Savings Education Council is a national coalition of public- and private-sector institutions committed to making saving and retirement planning a priority for all Americans. ASEC is a program of the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF). ASEC brings together public- and private-sector partners to share information on best practices and to collaborate on financial-security initiatives, including the federal

[2] *Taken from Testimony of Ben S. Bernanke on May 23, 2006: www.federalreserve.gov/boarddocs/testimony/2006/20060523/default.htm and Sandra F. Braunstein on March 27, 2007: www.federalreserve.gov/boarddocs/testimony/2007/20070327/default.htm.*

government's *Savings Matters* campaign (now in its tenth year), the *Choose to Save*® public service campaign, and the U.S. Securities and Exchange Commission's Facts on Saving and Investing campaign. The Federal Reserve Board is an ASEC mission partner, along with other government agencies, educational institutions, and nonprofit organizations committed to increasing awareness of the importance of saving and financial education.

The Federal Reserve is active in the *America Saves* initiative and serves on the National Savings Forum, its national advisory committee. The mission of this nationwide campaign – sponsored by nonprofit, corporate, and government groups – is to help individuals and families save and build wealth. The program is targeted at low- and moderate-income families, to raise their awareness and support their efforts to become more financially secure. Through local and regional campaigns, *America Saves* recruits "savers," who commit to the program and pledge to save. As a result of their commitment, savers receive information and education about strategies for fulfilling their financial goals, such as reducing debt, building an emergency fund, and saving for a home, education, or retirement. The Federal Reserve Bank of Cleveland played a significant leadership role in developing and launching Cleveland Saves, a pilot program for the national America Saves campaign. The program has also launched the targeted initiatives *Black America Saves, Hispanic America Saves,* and *Military Saves.*

Financial Literacy and Education Commission (FLEC), established by Congress in 2003 through the passage of the Financial Literacy and Education Improvement Act, was created to "improve the financial literacy and education of persons in the United States through development of a national strategy to promote financial literacy and education." The Federal Reserve, along with numerous other federal government agencies, is a member of this commission, which is supported by the Treasury Department's Office of Financial Education.

U.S. Conference of Mayors' National DOLLAR WI$E Campaign was developed to encourage the development of ongoing local strategies to educate citizens about financial issues. With improved basic money management and financial planning skills, citizens are in a better position to own homes, raise healthy families, educate their children, and invest in small businesses. The Federal Reserve Board serves as an advisor to the National DOLLAR WI$E Campaign. The Federal Reserve Banks of Cleveland, Chicago, and St. Louis provide supporting programs that have been described as best practices by the U.S. Conference of Mayors.

Operation HOPE is a nonprofit organization that provides lower-income and minority populations and communities with financial education and access to financial services. Its mission is to improve asset-building skills and accessibility of mainstream financial services for its constituencies. The organization, founded in 1992, is effective in creating public-private collaborations to fulfill its mission. Among its many national partners are the Federal Reserve Board, the FDIC, the Department of Commerce, H&R Block, E*Trade, Citigroup, and Bank of America. The Federal Reserve System has partnered with Operation HOPE in launching its youth financial education program Banking on Our Future in Washington, D.C.; Providence, Rhode Island; Atlanta, Georgia, and Los Angeles, California. A Federal Reserve Board staff member serves on Operation HOPE's Mid-Atlantic advisory board.

*The Jump$tart Coalition for Personal Financial Literacy,* in its 12-year history, has brought visibility and – through its biennial survey of high school seniors – research-based data to the financial literacy movement. Jump$tart is a Washington, D.C. – based not-for-profit organization that seeks to improve the personal financial literacy of students in kindergarten through college. The coalition has grown to include nearly than 190 national partners and 43 affiliated state coalitions. One of its premier services is the Jump$tart Personal Finance Clearinghouse (www.jumpstartclearinghouse.org), a website that lists more than 675 financial literacy titles and provides information about speakers and training programs. The Federal Reserve is a partner and serves on the Jump$tart Coalition board of directors.

The Fed Challenge, in its twelfth year, is an academic competition in which five-member student teams play the role of monetary policy makers. In this role, each team makes a presentation in which it analyzes the current economic situation and advocates a monetary policy prescription. The team then engages in a question-and-answer session in which the judges probe to examine students' understanding of the mechanics of monetary policy, macroeconomic concepts, and the workings of the Fed. The Fed Challenge has been a great success, as measured by participants' grades on Advance Placement Exams, adoption of the program by other central banks (for example, the central banks of England, New Zealand, and South Korea); recommendations in the New York State Economics Syllabus, textbooks, and the National Academy Foundation's Academy of Finance curriculum; and anecdotal evidence offered by teachers that the Fed Challenge profoundly affects participants' career choices. The Fed Challenge is organized by the Federal Reserve Bank of New York, and many other Federal Reserve Banks participate.

FederalReserveEducation.org is the Federal Reserve System's financial education website, designed to increase the use of Federal Reserve educational materials and promote financial education in the classroom. The website has material intended for the general public, as well as materials specifically geared toward teachers and high school and college students. It provides easy access to free educational materials, a resource search engine for teachers, and games for various ages and knowledge levels. FederalReserveEducation.org is maintained by the Federal Reserve Bank of Kansas City.

Federal Reserve Community Affairs Research Conferences are sponsored to invite and highlight research on a variety of issues that affect consumer financial service policies and practices. Since 1999, this biennial event has featured research that evaluates and explores the role of financial education in improving financial outcomes for consumers, particularly those with lower incomes.

Foreclosure Mediation. The Federal Reserve System's Community Affairs Offices have been engaged in a variety of activities to respond to the needs of low- and moderate-income communities experiencing an increase in foreclosures. Some activities by Reserve Banks are building their understanding of the problem and its manifestation in each District. Others are working with community stakeholders to advance understanding of foreclosure prevention strategies, several of which are in conjunction with the NeighborWorks America® (http://www.nw.org/network/home.aspa), a national nonprofit housing development network.

Boston

The New England Economic Adventure is an hour-and-a-half interactive exhibit at the Federal Reserve Bank of Boston that highlights New England entrepreneurs Francis Cabot Lowell, Colonel Albert Pope, and Ken Olson and investment decisions they made that enabled workers to be more productive. Increased productivity helped to raise the standard of living of the average New Englander and contributed to the overall economic growth of the region. Program use and effectiveness is tracked through visitor and teacher evaluations and an online evaluation form. Numbers of visitors, including those from low- and moderate-income communities, are also recorded.

Peanuts & Crackerjacks is an online economic education program that simulates a baseball game to teach economic concepts. Pitches are questions, correct answers to questions about the economics of team sports lead to hits and runs, and wrong answers are outs. The site also includes a teacher's guide. *Show Business – the Economic$ of Entertainment,* focuses the concept of markets and draws from the music industry to tap into students' own experience.

Talking About College is a curriculum created in collaboration with Citizen Schools, the national after-school program. It was created for middle school students to nurture their aspiration to attend college and to assist them in financial planning and the college-selection process. This curriculum has been taught as a financial literacy "apprenticeship" in after-school programs in the Boston Public Schools. The curriculum includes a built-in assessment.

Foreclosure Mediation. The Community Affairs Office has published a paper on foreclosure issues and trends in Massachusetts, including data on foreclosure patterns in the state. In addition, it has developed a consumer education brochure on mortgages, "Know Before You Go... To Get a Mortgage a Guide to Mortgage Products and a Glossary of Lending Terms" (http://www.bos.frb.org/consumer/knowbeforeyougo/mortgage/index.htm), to provide general mortgage information to consumers.

New York

It's All About Your Money is a program, offered in two formats, that promotes financial awareness among students in grades 4 to 8. In one format, groups of 30 to 35 students visit the Bank for roughly three hours to take part in a series of activities, including a play about bartering; an active-learning exercise about how money has changed over time; social studies lessons derived by examining foreign currency notes; and several team and individual activities focusing on budgeting, saving, and other personal finance topics. In the second format, teachers direct all of the activities described in the first format in their own classrooms by using a package of materials and guides ordered directly from the Bank through the Internet. Success is measured by the teachers, who engage students in activities and assignments before and after their visit to the Bank. Students then write letters to the Bank discussing what they learned and what they intend to do differently as a result of the program. In the 2005–2006 school year, the program was presented to 55 schools, mainly in low- and moderate-income communities, as planned.

Foundations of Finance: Money Management for High School and College Students is a money management workshop that teaches students basic sound practices that foster wise financial decision making. Workshop content is flexible and can be adapted to the content, format, and time specifications set forth by each host school or college. Frequently requested topics include college financing, the benefits and risks of credit use, financing life's expected and unexpected contingencies, budgeting and building net worth, taxes and other financial obligations, wise consumer practices, work and compensation, and common financial mistakes. Success is measured by school administrators and educators, who meet to determine the extent to which the workshops helped to encourage changes in curricula and mandates. Ideally, the workshop results in the development of new courses, mandated personal finance awareness sessions for all students, or changes in course content. An attempt is made to contact all students who participated in the workshop to determine how it changed their financial practices.

Wall Street Economics and Finance Club reaches approximately 50 high school students from throughout the Second Federal Reserve District who convene for eight two-hour monthly meetings at the New York Fed to learn more about the structure and functions of the financial system. Students take part in numerous activities, including discussions with economists, analysts, and traders at private-sector financial institutions; visits to trading floors and financial exchanges; their own presentations about financial developments and issues; and educational competitions that lead directly to internships. The Bank measures success by participating in discussions with educators involved in the program, attempting to determine the extent to which club activities resulted in changes in lesson plans, curricula, course offerings, and students' performance and interest in finance-related topics. Students in the club become ambassadors to their classmates, encouraging greater interest in economics and finance as a course of study or career.

Foreclosure Mediation. The Federal Reserve Bank of New York is focused on using data to inform its targeted geographies (Albany, New York City, Rochester, Puerto Rico) for information sharing, highlighting of best practices, and educating both the private and non-profit sectors on the foreclosure challenges and prevention. Toward this end, the Community Affairs Office sponsored two forums in November 2006. The first meeting convened mortgage servicers and lenders to discuss foreclosure prevention best practices and strategies, resulting in increased involvement on the part of many lenders, funding for anti-foreclosure programs by foundations, and the establishment of special 1-800 numbers or designated contacts to non-profit housing counselors. The second meeting aimed to educate non-profits about how the mortgage securitization process works, which resulted in providing some housing counselors a common language to facilitate a better understanding of why some work-out strategies are more feasible than others.

Philadelphia

Finding the Keys to Your Financial Success is an annual, free, five-day training program for educators on a curriculum created by the Bank, the University of Delaware, the Delaware Bankers' Association, and the Consumer Credit Counseling Services of Maryland and Delaware. The program is used extensively in Delaware schools, and over the past two years it has been promoted it to schools in seven Pennsylvania and New Jersey school districts.

Buried by Debt: the Dangers of Borrowing is a 14-minute video for adults that describes the pitfalls of borrowing against your home. On the video, six Philadelphia District residents tell the viewers, in their own words, how they lost or nearly lost their homes by making unwise borrowing decisions. The Bank created the video at the request of ministers who were contacted to assist with outreach to low- and moderate-income minority homeowners who were most at risk because of lending abuses. The Bank has distributed over 4,000 copies to organizations throughout the United States and abroad. The video is shown at training events conducted for faith-based organizations interested in delivering financial education programs. A Spanish version is also available.

Money and Banking for Educators, the Bank's signature free summer professional development course for teachers, is in its third year of existence. It is designed to provide teachers with active learning techniques to enhance students' understanding of the economy, the Federal Reserve System, and monetary policy. Those who elect to receive graduate-level credits for the course enroll through a participating university.

Personal Finance for the Middle School Classroom is a five-day professional development course for K-12 educators taught by Federal Reserve economic education specialists and staff from the state centers for economic education. The course covers how to teach students about money, banking, and the Federal Reserve System. Emphasis is placed on strategies for active and collaborative learning.

Personal Financial Education Curricula and Compendium of Providers provides information on training materials and other resources available to the public, as well as organizations that offer educational services in the Third Federal Reserve District.

Foreclosure Mediation. The Federal Reserve Bank of Philadelphia published a technical brief on HEMAP (http://www.phfa.org/consumers/homeowners/hemap.aspx), a state-funded program in Pennsylvania that assists homeowners who are in default, but who can be expected to "recover" in a reasonable period of time. The Community Affairs Office's outreach has focused on increasing public awareness on the need to understand mortgage terms. The program developed a video on debt, which includes a focus on being a knowledgeable mortgagee.

Cleveland

The Learning Center and Money Museum was opened in January 2006. The Learning Center features over 30 interactive exhibits and related educational programs centered around the theme "What gives money value?" The educational programs were designed by the Bank, with teacher input, based on state educational benchmarks. Programs include lessons on saving and spending, inflation, barter, and the Federal Reserve System. The Learning Center hosted over 2,500 visitors in its first quarter of operations, and reservations for Learning Center educational programs are booking seven months in advance. All program participants "strongly agree" that their Learning Center visit provided a valuable learning experience. The center has been endorsed by the Ohio Council on Economic Education.

Fourth District Financial Education Consortia launched in June 2003 with a series of roundtable meetings with financial institutions, government agencies, and community-based nonprofits. These meetings were convened to coordinate financial education programs and discuss how to improve financial education delivery in the Fourth District, in part in response to the Federal Reserve Bank of Cleveland's financial education survey "Financial Education: What Is It and What Makes It So Important," published earlier that year. The meetings were also a response to the growing complexity of financial services, predatory lending, wide gaps between white and minority homeownership rates, record low savings rates, and increases in personal bankruptcies and debt among American consumers. The roundtable meetings resulted in the formation of several financial education networks in the Cincinnati, Cleveland, and Pittsburgh regions. The Federal Reserve Bank of Cleveland has staff in each of those cities who act as coordinators for these initiatives.

The Essay Contest is an annual competition for area high school students. Essay topics are chosen with an eye toward engaging a broad range of students, not just students in economics classes. Topics have included the economics of children's literature, the economics of rock music, and economics on TV.

The Bank also participates in the *Fed Challenge* and hosts a number of other programs for teachers and students throughout the year, including workshops and student competitions with various partners such as Ohio Jump$tart, the Ohio Council on Economic Education, Junior Achievement, and local public libraries.

Foreclosure Mediation. The Federal Reserve Bank of Cleveland reports a widespread problem with mortgage foreclosures in weaker housing markets within the 4th District. Ohio also recently reported the highest rate of foreclosures in the nation. To address the issue, the Bank is serving as a convener of government, financial institutions and community based organizations in assessing and addressing regional foreclosure issues. Among the events Cleveland has hosted was an Ohio Foreclosure Summit in 2005 (http://www.clevelandfed.org/CommAffairs/Past_2005.cfm), which led to the introduction of the NeighborWorks 1-800 hotline in Ohio, and addressed issues of financial education, predatory lending, policy, regulation, and enforcement. In addition, the Bank participated in a 2006 Ohio Foreclosure Summit. Both summits included community, industry and government representatives.

Last year, the Cleveland Federal Reserve Bank participated in the launch of the official Financial Partnership of the Miami Valley Website and Directory, www.fepmv.org. Community-based organizations, non-profit organizations, financial and academic institutions partnered to produce this directory in 2005. The website and directory are resource guides to assist residents and community-based organizations in finding professional service providers that can provide assistance with basic money management and help in resolving difficult financial situations such as foreclosure.

The Cleveland Federal Reserve will soon release a research paper examining the data availability and gaps that exist in accurately tracking foreclosures within the district. The report explains the challenges that exist in assessing the scope and scale of the issue and barriers to address it due to lack of information.

Richmond

My Money is an educational package for elementary school students that includes a teacher's guide and student workbooks featuring lessons entitled "What is Money?", "Money Equivalents," and "Jobs, Money, Goods and Services." Over 1,100 *My Money* packages have been shipped to elementary schools worldwide since early 2006. Teacher feedback gathered from evaluation cards has been overwhelmingly positive.

The Essay Contest is an annual fall contest, sponsored by the Bank, designed to reach students who may not be enrolled in an economics class and have limited knowledge about personal finance and the Federal Reserve. High school juniors and seniors write a three-page essay on a financial literacy topic or the Federal Reserve. Winners receive savings bonds at an awards luncheon held at the Bank. In the fall of 2005, the essay theme highlighted the importance of saving at a young age. There were over 250 entries.

Financial Literacy Fairs are sponsored by the Bank for its employees each year, during Financial Literacy Month. Financial seminars address issues ranging from free credit reports, saving for retirement, and paying off credit card debt.

The Bank also partners with local and regional financial and economic education organizations, including the *Council on Economic Education* in Maryland, Virginia, North Carolina, and South Carolina.

Atlanta

Monetary Policy: Part Art, Part Science is a DVD-based lesson that focuses on the structure and functions of the Federal Reserve System, the Fed's role in formulating monetary policy, and how members of Reserve Banks' board of directors contribute to interest rate-setting decisions. This video was originally used as part of the Atlanta tour program; however, because of its popularity, it was adapted for use across the District and for distribution to educators. As part of this extension, a lesson plan entitled "Monetary Policy Starts in Your Own Backyard" was developed to accompany the DVD. The lesson and video were distributed to more than 4,300 educators in the spring 2006 Extra Credit e-newsletter.

Extra Credit, an e-newsletter published twice a year, is designed to help teachers looking for information, lesson plans and activities, and ideas for teaching economics and personal finance to middle school and high school students. The second edition of the e-newsletter, available on the Internet, was distributed in spring 2006 to more than 4,300 educators.

Financial Education Day at the Fed, an annual event, teaches eighth-grade students about personal financial education. More than 40 employee volunteers teach roughly 250 students money management skills through lectures and interactive exercises dealing with budgeting, credit, and saving. To measure the knowledge gained, students are given a test – both before and after the event – on the topics covered.

Workshops and tours reached roughly 2,000 educators and over 15,300 students in 2005. In addition to conducting workshops and tours, the Bank works with other organizations to collaborate on various initiatives to provide quality learning experiences for educators. In July 2005 the Bank – in cooperation with the St. Louis Fed's Memphis Branch, the Mississippi Council on Economic Education, and Mississippi Jump$tart – conducted a three-day economic and financial education workshop that reached over 100 educators each day. Similar collaborations are planned for 2006 throughout the District.

The Bank also works closely with the state *Department of Education* and state legislators on legislation and on a curriculum for a high school personal finance course. It also works with organizations that promote financial literacy, such as *Junior Achievement, Jump$tart Coalition, and the Academy of Finance.*

Foreclosure Mediation. The Atlanta District includes several of the southern states – Georgia, Florida, Louisiana in particular – where there are an increasing number of foreclosures. The ongoing challenges of rebuilding the Gulf Coast, when viewed in conjunction with the distribution of poor credit scores in southern states as detailed by the Brookings Institution (http://www.brookings.edu/metro/pubs/20060501_creditscores.htm) leads many to expect continued increases in foreclosures and defaults in the Sixth District. In Georgia, the Community Affairs Office is part of a state-wide foreclosure prevention taskforce, which is undertaking a series of activities around fraud prevention, consumer education, and training for counseling agencies. In the Gulf Coast, the Reserve Bank has supported outreach to consumers, including training for counselors and promotion of a hotline and workout arrangements, with a focus on foreclosure prevention.

Chicago

Money Smart Week, an annual event, continues to be the Bank's premier program for promoting the importance of financial and economic education to the Chicago community. In line with our goals to continue growth, participating partner organizations numbered 192 (up from 134 in 2005) and events numbered 274 (up from 220 in 2005). The campaign included promotional and marketing components such as a direct mail campaign to one million households, distribution of almost 400,000 Money Smart bookmarks to grades K-6 within the Chicago public schools, and street marketing campaigns to distribute 40,000 event calendars. In addition, 5,000 Spanish language event calendars were distributed as part of the program.

Financial Education Research Center is a database of research on the impact of financial education programs. The goal of the center is to promote excellence in the field by providing online resources for researchers, educators, program directors, and others interested in supporting these types of programs and initiatives. The web-based tool also offers a listing of national financial education programs available to the public and educators.

Power of Money Curriculum Package includes two lesson plans and a nine-minute video about the Federal Reserve Bank of Chicago. Since its inception in 2003, the package has been distributed to almost 2,200 high schools in the five-state region. The total audience for the project is upwards of 250,000 students.

The Visitors Center and Tour Program continues to grow and receive positive feedback from the students, teachers, and members of the general public who visit the facility. Surveys in which visitors rated their experience in the Visitors Center show an 87% satisfaction rate, defined as a score of 4.5 on a 5-point scale. The total number of visitors in the Visitors Center during 2005 was 23,623, a 9% increase over 2004. Walk-in visitors are estimated to have totaled more than 5,000 in 2005. This was the second year in a row in which the number of visitors has exceeded 20,000. Since the museum opened in June 2001, new attendance records have been set each year.

Foreclosure Mediation. In the Chicago Federal Reserve District, the Community Affairs Office hosted a symposium in January to highlight non-traditional mortgage products and risks. In 2006, it published a paper on foreclosure alternatives and an article discussing the benefits and risks of nontraditional mortgage products.

St. Louis

Making Sense of Money and Banking is a one-week, three-credit college course hosted by the Bank in conjunction with the University of Missouri – St. Louis and Southern Illinois University–Edwardsville. The course is offered to K-12 teachers to help them integrate money and banking topics into social studies, language arts, and math lessons. Guest speakers from the St. Louis Fed are featured. June 2006 will mark the eleventh year of the course, which draws 25 to 35 educators each year. The success of the course is measured by attendance, formal course evaluations, and general commentary by actual and prospective students.

Teach Children to Save Day is a national event developed by the American Bankers Association Education Foundation in cooperation with the Bank, the University of Missouri – St. Louis Center for Entrepreneurship and Economic Education, and a number of metro area banks. Students in the first, second, and third grades are given 45-minute lessons on the importance of saving and then receive piggy banks. Of the 148 volunteers who delivered the program to 287 area classrooms, 68 were Bank employees. Success is measured by participation and by reaction from teachers and students.

Your Paycheck is a program conducted with Culver-Stockton College of Canton, Missouri, that focuses on teenagers earning their first paychecks and facing challenges related to money, credit, and financial responsibility. The program is sponsored by Quincy, Illinois, businesses that often employ teens. The program's trainers are Culver-Stockton students who are trained by Bank employees. Success is measured by evaluations from the student trainers and the program students.

Learn Before You Leap is a series of brochures listing counseling agencies that provide advice on every step of the home-buying process, from budgeting income to negotiating a contract to closing on a loan. Each of the brochures focuses on one of the Federal Reserve Bank's regional areas – St. Louis, Little Rock, Louisville, and Memphis.

Minneapolis

Supply, Demand, and Deadlines is an annual economics workshop for journalists. In its sixth year, the workshop – sponsored by the Bank and the University of Minnesota's Journalism School – was founded on the premise that a better understanding of economics can improve the reporting skills of journalists from all news beats, not just the business section. Roughly two dozen journalists from all types of media spend three days learning about economic principles and participate in a thorough case study. The workshop faculty includes college professors and experienced professional journalists. All participants are surveyed six months after the course to determine how they are applying what they have learned.

The Essay Contest for High School Students, since 1998, has challenged hundreds of high school students from the District to look through an economic lens to address questions about poverty, the environment, banking, economic development, and even illegal drug markets. The top 30 essay writers, along with their parents and teachers, are invited to the Bank for an educational program on that year's subject and to receive an award. Many teachers also use the contest materials in their class curriculum to apply economics to real-world issues. The Bank works with District teachers to regularly evaluate the effectiveness of this program.

The Bank has also assisted with the formation of local financial education organizations, including the Montana Financial Education Coalition (MFEC), the Montana Jump$tart Coalition affiliate, and the Minnesota Jump$tart Coalition affiliate. The Bank partners with the Native Financial Education Coalition (NFEC), created to promote financial education in native communities, and its Youth Initiatives Committee for the Building Native Communities adult financial education curriculum; the Minnesota Council of Economic Education; the Montana Council of Economic Education; the South Dakota Council of Economic Education; the Minnesota Saves Network; and the University of Minnesota's Center for Personal and Family Financial Education (CPFFE).

Foreclosure Mediation. The Community Affairs Office at the Minneapolis Federal Reserve Bank has worked to develop local data on foreclosures by purchasing sheriff's data and sharing it with audiences throughout the Twin

Cities, including a coalition to increase minority homeownership which has ongoing support from Community Affairs. Researchers have authored a paper analyzing foreclosure data in the Twin Cities to identify ways of predicting potential foreclosures, a potentially useful tool for targeting foreclosure prevention efforts. The research also makes recommendations regarding the availability of data on default and foreclosure. Staff also published an article in 2006 on the availability of foreclosure data, and a paper on various state approaches to regulation of mortgage brokers will soon be posted to its website.

Kansas City

The Workplace Financial Education Program encourages employers to offer financial education classes to employees. The program is a series of seminars that include budgeting for current and future needs, reducing debt, increasing savings, understanding how credit works, improving credit ratings, building a relationship with financial institutions, and maximizing retirement funds. To complement the classroom settings, each participant is offered up to two hours of confidential one-on-one counseling with a certified financial planner. This program was piloted by the Bank in October 2005. Kansas City's community affairs research economist conducts surveys, before and after the program, in order to publish results and findings from the program.

Jump$tart Your Money was organized in Oklahoma in 2005 and has successfully raised the profile of personal financial education. The event, one week of programs focusing on personal financial education, is sponsored by over 60 statewide partners. The Bank is working to replicate this program by establishing coalitions in Missouri, Kansas, and Nebraska. The Bank is also developing a comprehensive database and a public website to create awareness of financial education resources and services.

The Bank also participates in financial education networks in Oklahoma, Colorado, New Mexico, and Wyoming – most notably *Teach Children to Save Day* (Denver and Kansas City), *Oklahoma Jump$tart Coalition,* and *the Denver Financial Literacy Network*.

Foreclosure Mediation. The Kansas City Reserve Bank has been tracking and posting foreclosure and delinquency data from the Mortgage Bankers Association by each state within its District. Ongoing research is taking place to assess similarities or discrepancies in the data. In addition, a forthcoming paper will include a literature review around the possible causes of foreclosure, an analysis of foreclosure trends by mortgage types, and an assessment of the potential impact to the Tenth Federal Reserve District.

Dallas

Building Wealth: A Beginner's Guide to Securing Your Financial Future is a publication that introduces individuals and families to the idea of developing a plan for building personal wealth. It contains four sections: Learn the Language, Budget to Save, Save and Invest, and Take Control of Debt. Written in both English and Spanish, it is available in print and as an interactive website. Building Wealth is widely used as a basic financial education tool by a broad range of professionals, including bankers and other lenders, credit counselors, homebuyer education providers, employers, and real estate professionals. Its popularity has increased steadily since its introduction in October 2000, and over 170,000 copies have been printed and distributed across the country. In addition, it is the most frequently downloaded publication on the Bank's website, with over 130,000 downloads in 2005.

Rx: Financial Health is the Bank's 2006 personal financial education workshop. It will address topics related to achieving financial health – such as credit scoring, banking services, and tax preparation – and will touch on state-legislated personal finance education initiatives. This workshop, open to all high school educators, is part of a series of annual workshops hosted by the Bank in partnership with the Texas Council on Economic Education. Several presentations will be conducted by representatives of both private and public organizations, including the Internal Revenue Service, the Federal Reserve Bank of Dallas, and the Texas Council on Economic Education. The workshop was held in Dallas and at the Bank Branches.

Where Did My Money Go? Making Money, Spending It, and Keeping It was the Bank's 2005 workshop series, which focused on money in the form of income, how personal choices affect future income, and the difference between money made and money kept. More than 300 high school teachers attended workshops conducted by Dallas Fed economists, the Consumer Credit Counseling Services, and Citigroup's Office of Financial Education. The one-day events were held at the Bank in Dallas and at Branches throughout the District.

Riding the Waves of the Global Economy was a Bank-hosted two-day economic summit for more than 130 high school faculty. The program focused on the world economy and international issues, with special emphasis on technology, financial markets, poverty, and outsourcing. Dallas Fed President Richard Fisher and Fordham University economics professor Darryl McLeod were featured speakers.

Foreclosure Mediation. Staff of the Community Affairs Office in Dallas participate in homeownership coalitions composed of financial institutions, non-profit organizations and local government representatives. In Dallas, the coalition has been meeting since 2004. They meet regularly to share information about the scope of the problem, and in Dallas have promoted a toll-free number sponsored by the GMAC Mortgage and Homeownership Preservation Foundation to link consumers to resources. A similar coalition has been recently organized in Houston.

The Federal Reserve Bank of Dallas is also organizing a foreclosure summit scheduled for June 2007 in partnership with Fannie Mae, Freddie Mac, National Association of Homebuilders, and the Council of Governments to convene stakeholders from throughout the state to help develop a better understanding of the problems and potential responses to delinquency and foreclosure.

San Francisco

There's a Lot to Learn About Money is the Bank's one-hour personal finance session for high school students, which supplements the Bank's tour program. This interactive session teaches students how to take control of their finances by understanding the time value of money through saving and investing, how to develop a budget, and how to use credit wisely. Since the program was launched in the fall of 2005, a total of 69 workshops have been held, reaching 1,620 students. Teachers also have access to the program curriculum through the Bank's website.

Open and Operating: The Federal Reserve Responds to September 11 is a video-based lesson that gives history and economics teachers a tool for introducing their students to the Federal Reserve System. The video combines news footage and interviews with Federal Reserve officials to illustrate how the Fed functions in the real world. The events of September 11, 2001, provide the context for this lesson, documenting how the Federal Reserve acted decisively to calm the financial markets, keep funds moving, and stabilize the economy. The program includes a videotape/DVD, a lesson plan booklet, and web-based resources. In the first quarter of 2006, 2,500 Open and Operating kits were distributed to high school teachers, reaching more than 17,500 students across the country.

The International Economic Summit (IES) is a program that educates high school students about the benefits of world trade while exploring the controversies associated with globalization. Working in small groups, student teams adopt a country and take on the role of economic advisor. Each student team evaluates conditions within their country and develops a strategic plan to improve living standards. A typical event hosts 300 to 400 students representing 60 to 80 countries. The event concludes with an awards ceremony recognizing those teams of economic advisors who achieved the goals of their strategic plan. Student teams also compete for awards in creative costume and table displays. The Bank established a partnership with the IES Foundation in 2003 to promote and support the program throughout the District. Since then, approximately 25,000 students have participated in the IES simulation in high school classrooms throughout California, Idaho, and Washington. Most recently, the first bi-national IES event hosted 300 high school seniors from San Diego County and Ensenada, Mexico.

Building Native Communities is a series of workshops offered in Portland, Sacramento, Seattle, and Phoenix to train tribal members and representatives of Native American community organizations to teach financial education curricula in their communities.

Individual Development Account Initiatives were launched in the District to establish partnerships for sponsoring match savings account programs for low- and moderate-income populations to save for buying a home, starting a small business, or pursing education. The programs include financial education for participants.

Foreclosure Mediation. The Federal Reserve Bank of San Francisco's Community Affairs Office has identified concentrations of subprime lending, using data from a recent report from the Center for Responsible Lending (http://www.responsiblelending.org/) that identifies concentrations in California's Central Valley (Fresno, Bakersfield, etc.) and in Nevada, primarily Las Vegas.

The Community Affairs Office is planning a series of local roundtables in 2007 that will bring together local stakeholders – financial institutions, counseling organizations, local governments and community development practitioners, to identify in their local markets steps to: i) mitigate foreclosures, ii) implement foreclosure prevention strategies, and iii) mitigate the effects on neighborhoods where foreclosures are concentrating. Those roundtables are currently scheduled for San Francisco, Los Angeles, Phoenix, Las Vegas and Nevada. In each city, the goal is to seed a working group which will be able to collectively develop an action plan or strategy around issues such as increasing the capacity of local counselors, creation of rescue funds, or providing refinance opportunities.