



## Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security & Governmental Affairs, U.S. Senate

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# FINANCIAL LITERACY AND EDUCATION COMMISSION

## Further Progress Needed to Ensure an Effective National Strategy

Statement of Yvonne D. Jones, Director  
Financial Markets and Community Investment





Highlights of [GAO-07-777T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security & Governmental Affairs, U.S. Senate

## Why GAO Did This Study

The Financial Literacy and Education Improvement Act created, in December 2003, the Financial Literacy and Education Commission. This statement is based on a report issued in December 2006, which responded to the act's mandate that GAO assess the Commission's progress in (1) developing a national strategy; (2) developing a Web site and hotline; and (3) coordinating federal efforts and promoting partnerships among the federal, state, local, nonprofit, and private sectors. To address these objectives, GAO analyzed Commission documents, interviewed its member agencies and private financial literacy organizations, and benchmarked the national strategy against GAO's criteria for such strategies.

## What GAO Recommends

In its report, GAO recommended that the Commission (1) incorporate additional elements into the national strategy to help measure results and ensure accountability, (2) conduct usability tests of and measure customer satisfaction with its Web site, (3) provide for an independent reviewer to evaluate duplication and effectiveness of federal activities, and (4) expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities. The Commission has taken steps to address some of these recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-777T](http://www.gao.gov/cgi-bin/getrpt?GAO-07-777T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Yvonne D. Jones, (202) 512-8678 or [jonesy@gao.gov](mailto:jonesy@gao.gov).

# FINANCIAL LITERACY AND EDUCATION COMMISSION

## Further Progress Needed to Ensure an Effective National Strategy

### What GAO Found

The National Strategy for Financial Literacy serves as a useful first step in focusing attention on financial literacy, but it is largely descriptive rather than strategic and lacks certain key characteristics that are desirable in a national strategy. The strategy provides a clear purpose, scope, and methodology and comprehensively identifies issues and challenges. However, it does not serve as a plan of action designed to achieve specific goals, and its recommendations are presented as "calls to action" that generally describe existing initiatives and do not include plans for implementation. The strategy also does not fully address some of the desirable characteristics of an effective national strategy that GAO has previously identified. For example, it does not set clear and specific goals and performance measures or milestones, address the resources needed to accomplish these goals, or fully discuss appropriate roles and responsibilities. As a result of these factors, most organizations that GAO spoke with said the strategy was unlikely to have a significant impact on their financial literacy efforts.

The Commission has developed a Web site and telephone hotline that offer financial education information provided by numerous federal agencies. The Web site generally serves as an effective portal to existing federal financial literacy sites. Use of the site has grown, and it averaged about 69,000 visits per month from October 2006 through March 2007. The volume of calls to the hotline—which serves as an order line for a free tool kit of federal publications—has been limited. The Commission has not tested the Web site for usability or measured customer satisfaction with it; these are recommended best practices for federal public Web sites. As a result, the Commission does not know if visitors are able to find the information they are looking for efficiently and effectively.

The Commission has taken steps to coordinate the financial literacy efforts of federal agencies and has served as a useful focal point for federal activities. However, coordinating federal efforts has been challenging, in part because the Commission must achieve consensus among 20 federal agencies, each with its own viewpoints, programs, and constituencies, and because of the Commission's limited resources. A survey of overlap and duplication and a review of the effectiveness of federal activities relied largely on agencies' self-assessments rather than the independent review of a disinterested party. The Commission has taken steps to promote partnerships with the nonprofit and private sectors through various public meetings, outreach events, and other activities. The involvement of state, local, nonprofit, and private organizations is important in supporting and expanding Commission efforts to increase financial literacy, and our report found that the Commission could benefit from further developing mutually beneficial and lasting partnerships with these entities that will be sustainable over the long term.

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Mr. Chairman and Members of the Committee:

I appreciate the opportunity to be here today to discuss the federal government's role in financial literacy. Ensuring that Americans have the knowledge and skills to manage their money wisely is a key element in improving the economic health of our nation in current and future generations. Financial literacy has become increasingly important in recent years due to the convergence of a number of economic, policy, and demographic trends. For example, workers today are increasingly responsible for managing their own retirement savings—yet at the same time, the nation's personal saving rate has fallen dramatically over the past few decades, and household debt hovers at record high levels. In recent years, we have issued several products on the federal government's role in improving financial literacy.<sup>1</sup> My statement today focuses on the Financial Literacy and Education Commission, which is comprised of 20 federal agencies and was created in 2003 by the Financial Literacy and Education Improvement Act.<sup>2</sup>

Today I will discuss the Commission's progress in (1) developing an effective national strategy to promote financial literacy and education; (2) implementing its Web site, hotline, and multimedia campaign; and (3) coordinating federal financial literacy efforts and promoting partnerships among government, nonprofit, and commercial organizations. This statement is based primarily on our December 2006 report that assessed the Commission's effectiveness.<sup>3</sup> In preparing that report, we reviewed the Financial Literacy Act and analyzed relevant Commission documents, including the National Strategy for Financial Literacy. We assessed the national strategy, in part, by benchmarking it against general

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<sup>1</sup>For example, see GAO, *Increasing Financial Literacy in America*, [GAO-07-284CG](#) (Washington, D.C.: Dec. 11, 2006); GAO, *Credit Reporting Literacy: Consumers Understood the Basics but Could Benefit from Targeted Educational Efforts*, [GAO-05-223](#) (Washington, D.C.: Mar. 16, 2005); GAO, *Highlights of a GAO Forum: The Federal Government's Role in Improving Financial Literacy*, [GAO-05-93SP](#) (Washington, D.C.: Nov. 15, 2004).

<sup>2</sup>Title V of the Fair and Accurate Credit Transactions Act of 2003, Pub. L. No. 108-159, Title V, 117 Stat. 2003 (Dec. 4, 2003) (*codified at* 20 U.S.C. §§ 9701–08). Hereafter, this statement refers to the Financial Literacy and Education Improvement Act as the “Financial Literacy Act.” The act also mandated that we assess the Commission's effectiveness in promoting financial literacy and education. Our December 2006 report fulfilled that mandate.

<sup>3</sup>GAO, *Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, [GAO-07-100](#) (Washington, D.C.: Dec. 4, 2006).

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characteristics of an effective national strategy we have identified in prior work. We interviewed representatives of all 20 federal agencies that are members of the Commission as well as representatives of nonfederal organizations that address issues of financial literacy. We also gathered and analyzed data on the content and usage of the Commission's Web site, telephone hotline, and publication tool kit. We conducted our work from January 2006 through November 2006 in accordance with generally accepted government auditing standards.

In summary:

- The National Strategy for Financial Literacy serves as a useful first step in focusing attention on financial literacy, but it is largely descriptive rather than strategic and lacks certain key characteristics that are desirable in a national strategy. While the strategy comprehensively identifies issues and challenges related to financial literacy, its recommendations are presented as "calls to action" that generally describe existing initiatives and do not include plans for implementation. Further, the strategy only partially addresses some of the characteristics we previously have identified as desirable for any effective national strategy. For example, although it provides a clear purpose, scope, and methodology, it does not go far enough to establish specific goals and performance measures or milestones; discuss the resources that would be needed to implement the strategy; or discuss, assign, or recommend roles and responsibilities for achieving its mission. As a result, most federal and nonfederal agencies we interviewed said that the national strategy was unlikely to have a significant impact on their financial literacy and education efforts. Our report recommended that the Commission incorporate additional elements into the national strategy to help measure results and ensure accountability. In commenting on our report, the Department of the Treasury (Treasury), in its capacity as chair of the Commission, noted that the national strategy was the nation's first such effort and said its calls to action were appropriately substantive and concrete.
- The Commission has developed a Web site and telephone hotline that offers financial education information from numerous federal agencies. The site serves as a portal to other federal financial education sites, and representatives of financial literacy organizations generally told us that the site served its purpose effectively. Use of the site has been growing, and it averaged about 69,000 visits monthly from October 2006 through March 2007. The volume of calls to the hotline—which acts as an order line for free publications—has been limited. For example, it received 526 calls in March 2007. The Commission has not yet implemented some best practices recommended for federal public Web sites, such as testing its

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site for usability and measuring customer satisfaction. As a result, the Commission does not know if visitors can readily find the information for which they are looking. Our report recommended that the Commission conduct usability tests of and measure customer satisfaction with its Web site, which the Commission said it will do by the second quarter of 2009. To fulfill a Financial Literacy Act requirement that the Treasury Department develop a pilot national public service campaign for financial literacy and education, the department has contracted with the Advertising Council to create a campaign designed to improve credit literacy among young people. The campaign, which is scheduled to be distributed to media outlets in the third quarter of 2007, will also promote the Commission's Web site and telephone hotline.

- The Commission has played a role in coordinating federal agencies' financial literacy efforts and promoting public-private partnerships but has faced several challenges in these areas. The Commission serves as a single focal point for federal agencies to come together on the issue of financial literacy, and several calls to action in the Commission's national strategy involve interagency efforts. However, coordinating federal efforts has been challenging, in part because the Commission must achieve consensus among 20 federal agencies, each with its own viewpoints, programs, and constituencies, and because of the Commission's limited resources. Further, the Commission's survey of overlap and duplication and its review of the effectiveness of federal activities relied largely on agencies' self-assessments rather than the independent review of a disinterested party. The Commission has taken some steps to promote partnerships with the nonprofit and private sectors through various public meetings, outreach events, and other activities, but the impact of these steps is unclear. Our report recommended that the Commission expand its current efforts to cultivate sustainable partnerships with nonprofit and private entities. We also recommended that the Commission provide for an independent third party to review for duplication in federal programs and evaluate the effectiveness of federal activities. Since our report was issued, the Commission has identified several steps it is taking or plans to take to address these recommendations, including plans for independent third-party assessments.

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## Background

According to the Financial Literacy Act, the purpose of the Financial Literacy and Education Commission is to improve financial literacy and education through the development of a national strategy to promote them. The act defines the composition of the Commission—the Secretary of the Treasury and the heads of 19 other federal departments and agencies—and allows the President to appoint up to five additional

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members.<sup>4</sup> The Commission must hold one public meeting at least every 4 months. It held its first meeting in January 2004 and nine subsequent meetings, most recently in January 2007.

The act requires the Commission to undertake certain activities, including (1) developing a national strategy to promote financial literacy and education for all Americans; (2) establishing a financial education Web site to provide information about federal financial literacy education programs and grants; (3) establishing a toll-free hotline; (4) identifying areas of overlap and duplication among federal activities and coordinating federal efforts to implement the national strategy; (5) assessing the availability, utilization, and impact of federal financial literacy and education materials; and (6) promoting partnerships among federal, state, and local governments, nonprofit organizations, and private enterprises. The act requires that the national strategy be reviewed and modified as deemed necessary at least once a year. It also requires the Secretary of the Treasury to develop, implement, and conduct a pilot national public service multimedia campaign to enhance the state of financial literacy and education in the United States.

The Treasury Department's Office of Financial Education provides primary support to the Commission and coordinates its efforts. As of April 2007, the office had assigned the equivalent of about 3 full-time professional staff to handle work related to the Commission and in the past also has received assistance from staff detailed from other federal agencies. The Commission has no independent budget. The act authorized appropriations to the Commission of amounts necessary to carry out its work, and for fiscal year 2005 Congress specified that \$1 million should be used for the development and implementation of the national strategy.

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<sup>4</sup>Under the act, the agencies represented on the Commission are the Departments of Agriculture, Defense, Education, Health and Human Services, Housing and Urban Development, Labor, Treasury, and Veterans Affairs; the Board of Governors of the Federal Reserve System; the Office of the Comptroller of the Currency; the Office of Thrift Supervision; the Federal Deposit Insurance Corporation; the National Credit Union Administration; the Securities and Exchange Commission; the Federal Trade Commission; the General Services Administration; the Small Business Administration; the Social Security Administration; the Commodity Futures Trading Commission; and the Office of Personnel Management. As of April 2007, the President had not appointed any additional members.

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## The National Strategy Is Descriptive Rather Than Strategic, Limiting Its Value in Guiding the Nation's Financial Literacy Efforts

To develop the National Strategy for Financial Literacy, the Commission formed a national strategy working group of 13 member agencies, issued a call for public comment in the Federal Register, and held six public meetings—five organized around the commercial, government, nonprofit, education, and banking sectors and one for individual consumers.<sup>5</sup> Although the Financial Literacy Act required the Commission to adopt the strategy within 18 months of enactment, or June 2005, the strategy was not publicly released until April 2006.<sup>6</sup> The Commission sought unanimous consent on the national strategy, and Commission members told us that the Treasury Department faced a significant challenge in trying to get 20 federal agencies—each with its own mission and point of view—to unanimously agree to a strategy. A particular source of disagreement involved whether nonfederal entities should be cited by name as illustrative examples in the strategy. The Commission ultimately agreed that it would not name these organizations in the national strategy, but cite them in a separate document issued by Treasury, called the Quick Reference Guide to the strategy.<sup>7</sup>

The content of the National Strategy for Financial Literacy largely consists of a comprehensive overview of issues related to financial literacy and examples of ongoing initiatives. It describes many major problems and challenges that relate to financial literacy in the United States, identifies key subject matter areas and target populations, and describes what it believes to be illustrations of potentially effective practices in financial education across a broad spectrum of subjects and sectors. As such, the strategy represents a useful first step in laying out key issues and highlighting the need for improved financial literacy. At the same time, as some representatives of the Commission told us, the strategy is fundamentally descriptive rather than strategic. It provides information on

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<sup>5</sup>Financial Literacy and Education Commission, *Taking Ownership of the Future: The National Strategy for Financial Literacy* (Washington, D.C.: April 2006).

<sup>6</sup>The Financial Literacy Act required the National Strategy for Financial Literacy to be provided to Congress as part of a report issued by the Commission called the “Strategy for Assuring Financial Empowerment.” U.S. Department of the Treasury, *Strategy for Assuring Financial Empowerment* (Washington, D.C.: Apr. 3, 2006). That report also contained other elements required by the act, including a survey and assessment of certain federal financial education materials and information on the activities and future plans of the Commission. 20 U.S.C. § 9703 (h)(2).

<sup>7</sup>U.S. Department of the Treasury, *Quick Reference Guide to the National Strategy for Financial Literacy* (Washington, D.C.: Apr. 4, 2006).

disparate issues and initiatives but is limited in presenting a long-term plan of action for achieving its goal.

Most notably, the strategy’s recommendations are presented as “calls to action,” defined as concrete steps that should be taken for improving financial literacy and education. Sixteen of these 26 calls to action are addressed to federal entities, 5 to private or nonprofit organizations, and 5 to the public. However, many of these calls to action are very general and do not discuss an implementation strategy, and others describe initiatives that already exist. For example, one call to action states, “Investors should take advantage of the wealth of high quality, neutral, and unbiased information offered free of charge,” but does not lay out a plan for helping ensure that investors will do so.

We have previously identified a set of desirable characteristics for any effective national strategy.<sup>8</sup> While national strategies are not required to contain a single, consistent set of attributes, we found six characteristics that can offer policymakers and implementing agencies a management tool to help ensure accountability and more effective results. As shown in the table below, we found that the National Strategy for Financial Literacy generally addresses the first of these characteristics and partially addresses the other five.

**Table 1: Extent the National Strategy for Financial Literacy Addresses GAO’s Desirable Characteristics of an Effective National Strategy**

<b>Desirable characteristic</b>	<b>Generally addresses</b>	<b>Partially addresses</b>	<b>Does not address</b>
Clear purpose, scope, and methodology	X		
Detailed discussion of problems and risks		X	
Desired goals, objectives, activities, and performance measures		X	
Description of future costs and resources needed		X	
Organizational roles, responsibilities, and coordination		X	
Description of integration with other entities		X	

Source: GAO analysis of the National Strategy for Financial Literacy.

<sup>8</sup>GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, [GAO-04-408T](#) (Washington, D.C.: Feb. 3, 2004).



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The six characteristics we considered follow:

- *Clear Purpose, Scope, and Methodology.* An effective strategy describes why the strategy was produced, the scope of its coverage, and how it was developed. The National Strategy for Financial Literacy generally addresses this characteristic. For example, it cites the legislative mandate that required the strategy, the overall purpose, and subsidiary goals such as making it easier for consumers to access financial education materials. At the time of our review, the strategy did not specifically define “financial literacy” or “financial education” and we noted that doing so could provide additional benefit in helping define the scope of the Commission’s work. In its April 2007 report to Congress, the Commission provided definitions of these terms that it said would guide its work.<sup>9</sup>
- *Detailed Discussion of Problems and Risks.* A strategy with this characteristic provides a detailed discussion or definition of the problems the strategy intends to address, their causes, and the risks of not addressing them. Based on our review, the National Strategy for Financial Literacy partially addresses this characteristic. It identifies specific problems that indicate a need for improved financial literacy and often discusses the causes of these problems. However, it might benefit further from a fuller discussion of the long-term risks—to the well-being of individuals, families, and the broader national economy—that may be associated with poor financial literacy. As we have reported in the past, a clear understanding of our nation’s overall financial condition and fiscal outlook is an indispensable part of true financial literacy.<sup>10</sup> Due to current demographic trends, rising health care costs, and other factors, the nation faces the possibility of decades of mounting debt, which left unchecked will threaten our economic security and adversely affect the quality of life available to future generations.<sup>11</sup> One element of financial literacy is ensuring that Americans are aware of these potential 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.

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<sup>9</sup>U.S. Department of the Treasury, *Strategy for Assuring Financial Empowerment* (Washington, D.C.: April 2007).

<sup>10</sup>GAO-05-93SP, pp. 2-3.

<sup>11</sup>For example, see GAO, *The Nation’s Long-Term Fiscal Outlook: September 2006 Update*, GAO-06-1077R (Washington, D.C.: Sept. 15, 2006).

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- *Desired Goals, Objectives, Activities and Performance Measures.* The National Strategy for Financial Literacy partially addresses this characteristic, which deals not only with developing goals and strategies to achieve them, but also the milestones and outcome measures needed to gauge results. The strategy does identify key strategic areas and includes 26 calls to action that, although often lacking detail, provide a picture of the types of activities the strategy recommends. However, in general, the strategy neither sets clear and specific goals and objectives, nor does it set priorities or performance measures for assessing progress. Several stakeholders in the financial literacy community that we spoke with noted that the strategy would have been more useful if it had set specific performance measures. The Commission might also have set measurable goals for changing consumer behavior, such as seeking to reduce the number of Americans without bank accounts or increase the number saving for their retirement to a specified figure in the next 5 or 10 years. Without performance measures or other evaluation mechanisms, the strategy lacks the means to measure progress and hold relevant players accountable.
  - *Description of Future Costs and Resources Needed.* Effective national strategies should include discussions of cost, the sources and types of resources needed, and where those resources should be targeted. The National Strategy for Financial Literacy discusses, in general terms, the resources that are available from different sectors and its Quick Reference Guide provides a list of specific organizations. However, the strategy does not address fundamental questions about the level and type of resources that are needed to implement the national strategy. The strategy does little to acknowledge or discuss how funding limitations could be a challenge to improving financial literacy and offers little detail on how existing resources could best be leveraged. Neither does it provide cost estimates nor does it discuss specifically where resources should be targeted. For example, it does not identify the sectors or populations most in need of additional resources. The strategy also might have included more discussion of how various “tools of government” such as regulation, standards, and tax incentives might be used to stimulate nonfederal organizations to use their unique resources to implement the strategy. Without a clear description of resource needs, policymakers lack information helpful in allocating resources and directing the strategy’s implementation.
  - *Organizational Roles, Responsibilities, and Coordination.* Effective national strategies delineate which organizations will implement the strategy and describe their roles and responsibilities, as well as mechanisms for coordinating their efforts. The National Strategy for

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Financial Literacy partially addresses these issues. For example, it discusses the involvement of various governmental and nongovernmental sectors in financial education and identifies in its calls to action which agencies will or should undertake certain tasks or initiatives. However, the strategy is not specific about roles and responsibilities and does not recommend changes in the roles of individual federal agencies. Addressing these issues more fully is important given our prior work that discussed the appropriate federal role in financial literacy in relation to other entities and the potential need to streamline federal efforts in this area.<sup>12</sup> In addition, the strategy is limited in identifying or promoting specific processes for coordination and collaboration between sectors and organizations.

- *Description of Integration with Other Entities.* This characteristic addresses how a national strategy relates to other federal strategies' goals, objectives, and activities. The National Strategy for Financial Literacy does identify and describe a few plans and initiatives of entities in the federal and private sectors, and it includes a chapter describing approaches within other nations and international efforts to improve financial education. However, the strategy is limited in identifying linkages with these initiatives, and it does not address how it might integrate with the overarching plans and strategies of these state, local, and private-sector entities.

Because the National Strategy for Financial Literacy is more of a description of the current state of affairs than an action plan for the future, its effect on public and private entities that conduct financial education may be limited. We asked several major financial literacy organizations how the national strategy would affect their own plans and activities, and the majority said it would have no impact at all. Similarly, few federal agencies with which we spoke could identify ways in which the national strategy was guiding their work on financial literacy. Most characterized the strategy as a description of their existing efforts.

Our report recommended that the Secretary of the Treasury, in concert with other agency representatives of the Financial Literacy and Education Commission, incorporate into the national strategy (1) a concrete definition for financial literacy and education to help define the scope of the Commission's work; (2) clear and specific goals and performance measures that would serve as indicators of the nation's progress in

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<sup>12</sup>[GAO-05-93SP](#), pp. 5-8.

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improving financial literacy and benchmarks for the Commission; (3) actions needed to accomplish these goals, so that the strategy serves as a true implementation plan; (4) a description of the resources required to help policymakers allocate resources and direct implementation of the strategy; and (5) a discussion of appropriate roles and responsibilities for federal agencies and others, to help promote a coordinated and efficient effort. In commenting on our report, Treasury, in its capacity as chair of the Commission, noted that the National Strategy for Financial Literacy was the nation's first such effort and, as such, was designed to be a blueprint that provides general direction while allowing diverse entities the flexibility to participate in enhancing financial education. The department said that the strategy's calls to action are appropriately substantive and concrete—setting out specific issues for discussion, conferences to be convened, key constituencies, and which Commission members should be responsible for each task. As noted earlier, in its April 2007 report to Congress, the Commission provided definitions for “financial literacy” and “financial education” to help guide its work. We acknowledge that the national strategy represents the nation's first such effort, but continue to believe that future iterations of the strategy would benefit from inclusion of the characteristics cited in our report.

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## Web Site and Telephone Hotline Offer Financial Education Information from Federal Agencies

The Financial Literacy Act required the Commission to establish and maintain a Web site to serve as a clearinghouse and provide a coordinated point of entry for information about federal financial literacy and education programs, grants, and materials. With minor exceptions, the Commission did not create original content for its Web site, which it called My Money. Instead, the site serves as a portal that consists largely of links to financial literacy and education Web sites maintained by Commission member agencies. According to Treasury representatives, the English-language version of the My Money site had more than 290 links as of April 2007, organized around 12 topics.<sup>13</sup> A section on federal financial education grants was added to the site in October 2006, which includes links to four

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<sup>13</sup>The topic areas are Budgeting and Taxes; Credit; Financial Planning; Home Ownership; Kids; Paying for Education; Privacy, Fraud and Scams; Responding to Life Events; Retirement Planning; Saving and Investing; Starting a Small Business; and Financial Education Grants.

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grant programs.<sup>14</sup> Many representatives of private and nonprofit financial literacy initiatives and organizations with whom we spoke were generally satisfied with the Web site, saying that it provided a clear and useful portal for consumers to federal financial education materials.

From its inception in October 2004 through March 2007, the My Money Web site received approximately 1,454,000 visits.<sup>15</sup> The site received an average of 35,000 visits per month during the first 6 months after its introduction in October 2004. Use of the site has increased since that time and reached 78,000 visits in April 2006, when the Commission and the Web site received publicity associated with the release of the national strategy. From October 2006 through March 2007, the site averaged about 69,000 visits per month. The number of visits to the My Money Web site has been roughly comparable to some recently launched private Web sites that provide financial education.<sup>16</sup> Some representatives of financial literacy organizations with whom we spoke said the Commission should do more to promote public awareness of the Web site. Commission representatives, however, noted to us several steps that have been taken to promote the site, including, for example, a promotional effort in April 2006 that printed the My Money Web address on envelopes containing federal benefits and tax refunds.

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<sup>14</sup>The Financial Literacy Act required that the Web site offer information on all federal grants to promote financial literacy and education, and on how to target, apply for, and receive such grants. 20 U.S.C. § 9703(b)(2)(C). The four federal grant programs cited on the Web site as of April 2007 were the Department of Education's Excellence in Economic Education program, Department of Health and Human Services' Assets for Independence program, Department of Housing and Urban Development's Housing Counseling program, and National Credit Union Administration's Community Development Revolving Loan Fund program.

<sup>15</sup>A "visit" is defined as all the activity of one visitor to a Web site within a specified period, usually 30 minutes. Because federal government Web sites are generally prohibited from using "cookies" (small files stored on a visitor's computer that can contain identifying information about the visitor), the number of unique visitors to the My Money Web site cannot be counted. Thus, data on total number of visits do not represent the number of users who have visited the Web site because some users may visit the site multiple times. According to a GSA official, because unique visitors cannot be counted, the best measure of the Web site's usage is number of visits.

<sup>16</sup>For example, in fiscal year 2006, the My Money Web site received approximately 628,000 visits. During that same time period, the Employee Benefit Research Institute's "Choose to Save" Web site, the American Institute of Certified Public Accountants' "360 Degrees of Financial Literacy" Web site, and the National Endowment for Financial Education's "Smart about Money" Web site received, respectively, 1,538,000, 437,000, and 229,000 visits.

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However, the Commission has not yet conducted usability tests or measured customer satisfaction for the My Money Web site. The federal government's Web Managers Advisory Council provides guidance to help federal Web managers implement recommendations and best practices for their federal sites.<sup>17</sup> The council recommends testing usability and measuring customer satisfaction to help identify improvements and ensure that consumers can navigate the sites efficiently and effectively. Representatives of the General Services Administration (GSA), which operates the site, acknowledged that these steps are standard best practices that would be useful in improving the site. They said they had not yet done so due to competing priorities and a lack of funding.<sup>18</sup> Without usability testing or measures of customer satisfaction, the Commission does not know whether the Web site's content is organized in a manner that makes sense to the public, or whether the site's visitors can readily find the information for which they are looking.

Our report recommended that the Commission (1) conduct usability testing to measure the quality of visitors' experience with the site; and (2) measure customer satisfaction with the site, using whatever tools deemed appropriate, such as online surveys, focus groups, or e-mail feedback. In its April 2007 report to Congress, the Commission said it would conduct usability testing of, and measure customer satisfaction with, its Web site by the second quarter of 2009.

In addition to a Web site, the Financial Literacy Act also required that the Commission establish a toll-free telephone number for members of the public seeking information related to financial literacy.<sup>19</sup> The Commission launched the telephone hotline, 1-888-My Money, simultaneously with the My Money Web site in October 2004. The hotline supports both English-

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<sup>17</sup>The Web Managers Advisory Council is an interagency group of about 40 senior Web managers from every cabinet-level agency, several independent agencies, and the judicial and legislative branches. In 2004, the council recommended policies and guidelines for all federal public Web sites. See: Interagency Committee on Government Information, *Recommended Policies and Guidelines for Federal Public Websites*, submitted to the Office of Management and Budget (Washington, D.C.: June 9, 2004).

<sup>18</sup>According to a usability specialist from GSA, it might cost roughly \$10,000 to \$15,000 for a basic usability study with eight participants and recommendations for redesign of the site. Representatives of the Department of Health and Human Services told us it might be able to offer the Commission use of its Web testing lab at no charge, which would reduce the cost of usability testing.

<sup>19</sup>20 U.S.C. § 9703(c).

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and Spanish-speaking callers. A private contractor operates the hotline's call center and GSA's Federal Citizen Information Center oversees the operation and covers its cost. According to GSA, the cost of providing telephone service for the hotline was about \$28,000 in fiscal year 2006. The hotline serves as an order line for obtaining a free financial literacy "tool kit"—pamphlets and booklets from various federal agencies on topics such as saving and investing, deposit insurance, and Social Security. The tool kit is available in English and Spanish versions, and consumers can also order it via the My Money Web site. The volume of calls to the My Money telephone hotline has been limited—526 calls in March 2007 and an average of about 200 calls per month between February 2005 and February 2006.

As part of the national strategy, the Financial Literacy Act required the Secretary of the Treasury to develop, implement, and conduct a pilot national public service multimedia campaign to enhance the state of financial literacy in the United States.<sup>20</sup> The department chose to focus the multimedia campaign on credit literacy among young adults. It contracted with the Advertising Council to develop and implement the multimedia campaign, which is expected to be advertised—using donated air time and print space—on television and radio, in print, and online.<sup>21</sup> According to the Commission's April 2007 report to Congress, the launch of the campaign is scheduled for the third quarter of 2007.

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## The Commission Has Taken Steps to Coordinate Federal Agencies' Efforts and Promote Partnerships but Faces Challenges

The Financial Literacy Act required that the Commission develop a plan to improve coordination of federal financial literacy and education activities and identify areas of overlap and duplication in these activities. The Commission created a single focal point for federal agencies to come together on the issue of financial literacy and education. Some Commission members told us that its meetings—including formal public, working group, and subcommittee meetings—have helped foster interagency communication and information sharing that had previously been lacking. In addition, the Commission's Web site, hotline, and tool kit have helped centralize federal financial education resources for consumers. Further, the national strategy includes a chapter on federal

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<sup>20</sup>20 U.S.C. § 9707.

<sup>21</sup>The Advertising Council (commonly known as the Ad Council) is a private, nonprofit organization that produces, distributes, and promotes public service campaigns on behalf of nonprofit organizations and government agencies.

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interagency coordination and several of the strategy's calls to action involve interagency efforts, including joint conferences and other initiatives.

However, the Commission has faced several challenges in coordinating the efforts of the 20 federal agencies that form the Commission. Each of the Commission's participating federal agencies has different missions and responsibilities and thus different perspectives and points of view on issues of financial literacy. The agencies also differ in their levels of responsibility for and expertise on financial literacy and education. Further, because agencies tend to be protective of their resources, it might be very difficult to recommend eliminating individual agencies' programs. Moreover, the Commission's ability to coordinate such major structural change, if it chose to do so, would be constrained by its limited resources in terms of staff and funding. In addition, the Commission has no legal authority to compel an agency to take any action, but instead must work through collaboration and consensus. Given these various constraints, a Treasury official told us that the Commission saw its role as improving interagency communication and coordination rather than consolidating federal financial education programs or fundamentally changing the existing federal structure.

To meet a requirement of the Financial Literacy Act that the Commission identify and propose means of eliminating areas of overlap and duplication, the Commission asked federal agencies to provide information about their financial literacy activities. After reviewing these resources, the Commission said it found minimal overlap and duplication among federal financial literacy programs and did not propose the elimination of any federal activities. Similarly, to meet a requirement of the act that it assess the availability, utilization, and impact of federal financial literacy materials, the Commission asked each agency to evaluate the effectiveness of its own materials and programs—and reported that each agency deemed its programs and resources to be effective and worthy of continuance.

In both cases, we believe that the process lacked the benefit of independent assessment by a disinterested party. Our report recommended that the Secretary of the Treasury, in conjunction with the Commission, provide for an independent third party to carry out the review of duplication and overlap among federal financial literacy activities as well as the review of the availability, utilization, and impact of federal financial literacy materials. In response to these recommendations, the Commission reported in its April 2007 report to Congress that it would



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identify an independent party to conduct assessments on both of these matters, with the first series of independent assessments to be completed in 2009.

The Financial Literacy Act also charged the Commission with promoting partnerships between federal agencies and state and local governments, nonprofit organizations, and private enterprises. Partnerships between federal agencies and private sector organizations are widely seen as essential to making the most efficient use of scarce resources, facilitating the sharing of best practices among different organizations, and helping the federal government reach targeted populations via community-based organizations.<sup>22</sup> Treasury officials have cited several steps the Commission has taken to promote such partnerships. These have included calls to action in the Commission's national strategy that encouraged partnerships; community outreach and events coordinated by Treasury and other agencies; and public meetings designed to gather input on the national strategy from various stakeholders. In general, the private and nonprofit financial literacy organizations with which we spoke said that these steps had been useful, but that their relationships with federal agencies and other entities have changed little overall as a result of the Commission. Several private and nonprofit national organizations have extensive networks that they have developed at the community level across the country, and some of these organizations suggested the Commission could do more to mobilize these resources as part of a national effort. Some stakeholders told us they also felt the Commission could do more to involve state and local governments. Greater collaboration by the Commission with state and local governments may be particularly important given the critical role that school districts can play in improving financial literacy. The Commission might consider how the federal government can influence or incentivize states or school districts to include financial education in school curriculums, which many experts believe is key to improving the nation's financial literacy.

Given the wide array of state, local, nonprofit, and private organizations providing financial literacy programs, the involvement of the nonfederal sectors is important in supporting and expanding Commission efforts to increase financial literacy. Thus far, the Commission has taken some

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<sup>22</sup>For example, see [GAO-05-93SP](#), pp. 6-8. By "partnerships," we refer to shared, or joint, responsibilities between organizations from the public and private sectors where there is otherwise no clear or established hierarchy of lead and support functions.

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helpful steps to promote partnerships, consisting mainly of outreach and publicity. As the Commission continues to implement its strategy, we believe it could benefit from further developing mutually beneficial and lasting partnerships with nonprofit and private entities that will be sustainable over the long term. Our report recommended that the Commission consider ways to expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities. As part of these efforts, we recommended that the Commission consider additional ways that federal agencies could coordinate their efforts with those of private organizations that have wide networks of resources at the community level, as well as explore additional ways that the federal government might encourage and facilitate the efforts of state and local governments to improve financial literacy. In commenting on our report, Treasury noted that it had a long history of partnerships with nonfederal entities and would consult with the Commission about how to work more closely with the types of organizations described in our report. On April 17, 2007, the Commission held the inaugural meeting of the National Financial Education Network, which it said was intended to create an open dialogue and advance financial education at the state and local level.

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In conclusion, in the relatively short period since its creation, the Commission has played a helpful role by serving as a focal point for federal efforts and making financial literacy a more prominent issue among the media, policymakers, and consumers. We recognize the significant challenges confronting the Commission—most notably, the inherent difficulty of coordinating the efforts of 20 federal agencies. Given the small number of staff devoted to operating the Commission and the limited funding it was provided to conduct any new initiatives, we believe early efforts undertaken by the Commission represent some positive first steps. At the same time, more progress is needed if we expect the Commission to have a meaningful impact on improving the nation's financial literacy.

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Mr. Chairman, this concludes my prepared statement. I would be happy to answer any questions at this time.

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## Contacts and Acknowledgments

For further information on this testimony, please contact Yvonne D. Jones at (202) 512-8678, or [jonesy@gao.gov](mailto:jonesy@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony

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include Jason Bromberg, Assistant Director; Nima Patel Edwards; Eric E. Petersen; William R. Chatlos; Emily R. Chalmers; and Linda Rego.

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