

Highlights of [GAO-12-636T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Financial literacy plays an important role in helping to promote the financial health and stability of individuals and families. Economic changes in recent years have further highlighted the need to empower all Americans to make informed financial decisions. In addition to the important roles played by states, nonprofits, the private sector, and academia, federal agencies promote financial literacy through activities including print and online materials, broadcast media, individual counseling, and classroom instruction.

This testimony discusses (1) the federal government's role in promoting financial literacy, including GAO's role; (2) the advantages and risks of financial literacy efforts being spread across multiple federal agencies; and (3) opportunities to enhance the effectiveness of federal financial literacy education efforts going forward. This testimony is based on prior and ongoing work, for which GAO reviewed agency budget documents, strategic plans, performance reports, websites, and other materials; convened forums of financial literacy experts; and interviewed representatives of federal agencies and selected private and nonprofit organizations.

While this statement includes no new recommendations, in the past GAO has made a number of recommendations aimed at improving financial literacy efforts.

View [GAO-12-636T](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

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FINANCIAL LITERACY

Enhancing the Effectiveness of the Federal Government's Role

What GAO Found

The federal government plays a wide-ranging role in promoting financial literacy. Efforts to improve financial literacy in the United States involve an array of public, nonprofit, and private participants, but among those participants, the federal government is distinctive for its size and reach and for the diversity of its components, which address a wide range of issues and populations. At forums of financial literacy experts that GAO held in 2004 and 2011, participants noted that the federal government can use its "bully pulpit," convening power, and other tools to draw attention to the issue, and serve as an objective and unbiased source of information about the selection of financial products and services. In prior work, GAO cited a 2009 report by the RAND Corporation in which 20 federal agencies self-identified as having 56 federal financial literacy programs, but GAO's subsequent analysis found substantial inconsistency in how different agencies defined and counted financial literacy programs. Based on a more consistent set of criteria, GAO identified 16 significant financial literacy programs or activities among 14 federal agencies, as well as 4 housing counseling programs among 3 federally supported entities, in fiscal year 2010. The Comptroller General has initiated a multi-pronged strategy to address financial literacy issues. First, GAO will continue to evaluate federal efforts that directly promote financial literacy. Second, it will encourage research of the various financial literacy initiatives to evaluate the relative effectiveness of different approaches. Third, GAO will look for opportunities to enhance financial literacy as an integral component of certain regular federal interactions with the public. Finally, GAO has recently instituted a program to empower its own employees, which includes an internal website with information on personal financial matters and links to information on pay and benefits and referral services through its counseling services office and a distinguished speaker series.

Having multiple federal agencies involved in financial literacy offers advantages as well as risks. Some agencies have long-standing expertise and experience addressing specific issue areas or populations, and providing information from multiple sources can increase consumer access and the likelihood of educating more people. However, the participation of multiple agencies also highlights the risk of inefficiency and the need for strong coordination of their activities. GAO has found that the coordination and collaboration among federal agencies with regard to financial literacy has improved in recent years, in large part as a result of the Financial Literacy and Education Commission. At the same time, GAO has found instances of overlap, in which multiple agencies or programs, including the new Bureau of Consumer Financial Protection, share similar goals and activities, underscoring the need for careful monitoring of the bureau's efforts.

In prior work GAO has noted the importance of program evaluation and the need to focus federal financial literacy efforts on initiatives that work. Federal agencies could potentially make the most of scarce resources by consolidating financial literacy efforts into the activities and agencies that are most effective. In addition, the Bureau of Consumer Financial Protection offers potential for enhancing the federal government's role in financial literacy, but avoiding duplication will require that it continue its efforts to delineate its financial literacy roles and responsibilities vis-à-vis those of other federal agencies with overlapping responsibilities.