

## Dann-Messier on the Federal Government's Role in Empowering Americans to Make Informed Financial Decisions

On July 15, 2010, Brenda Dann-Messier, assistant secretary for vocational and adult education, [testified](#) before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia of the U.S. Senate Committee on Homeland Security and Governmental Affairs about efforts by the Department to help Americans improve financial decision-making. Dann-Messier argued that the lack of financial literacy is a threat to the nation's economic security and that financial education is part of the solution. She noted that the Department is committed to helping elementary, secondary, postsecondary and adult students develop the knowledge and skills to make sound financial decisions for themselves, their families and their communities. She also emphasized measuring student outcomes, pointing out, "...across the board, we're not only looking at what we are doing, but also asking ourselves if it is working."

Dann-Messier began by focusing on postsecondary education students, and on the fact that the Talent Search, Upward Bound, and Student Support Services programs, part of the federal TRIO programs that support college access and success, are required to include financial and economic literacy activities for students.

Turning next to the Department's Federal Student Aid (FSA) program, Dann-Messier noted that it is ramping up its student aid outreach and awareness efforts to increase [Free Application for Federal Student Aid](#) (FAFSA) submission and college enrollment rates, especially among students from underrepresented groups. FSA educates students and families about the costs and benefits of postsecondary education and the various programs that can help them afford postsecondary education. Further, the recent changes to direct lending help ensure that all students have access to reliable and affordable federal student loans while also increasing the funding available for federal Pell Grants for the highest-need students. Further, Dann-Messier pointed to new regulations, effective July 1, that updated the minimum loan counseling content standards and aligned them with the provisions of the [Higher Education Opportunity Act of 2008](#) (HEOA). These new requirements can help borrowers better understand their repayment obligations.

Dann-Messier next addressed the lack of financial literacy among many adult learners. She cited recent studies showing that low financial literacy—in particular, the inability to understand and perform basic calculations related to interest rates and inflation—is positively correlated with unfavorable financial decision-making. Since the National Center for Education Statistics has [reported](#) that 22 percent of adults lack even basic quantitative literacy skills and another 33 percent have only basic quantitative skills levels, more than 120 million American adults may be vulnerable to predatory lending practices or to making seemingly small mistakes with major financial consequences for themselves and their families. To address this concern, the Department is investing \$2.3 million to increase numeracy levels in adults through its Adult Numeracy Instruction Project.

At the elementary and secondary levels, Dann-Messier cited the Excellence in Economic Education program, designed to strengthen teaching and learning in personal finance, economics and entrepreneurship, as well as the Civic Education program, which has supported the development of instructional materials and teacher professional development programs in economic literacy in elementary and secondary school classrooms. For fiscal year 2011, the Department has proposed to enhance states' and high-need school districts' abilities to promote financial literacy by consolidating these programs into the new Effective Teaching and Learning for a Well-Rounded Education program. The program would provide \$265 million—17 percent more than in fiscal year 2010—to support innovative practices in a range of subjects, including financial literacy.

During the past year and a half, the Department has worked with other agencies as part of the Financial Literacy and Education Commission (FLEC). Dann-Messier testified that ED's most significant partner in the FLEC effort has been the Department of the Treasury. The Department worked closely with Treasury to carry out the 2010 National Financial Capability Challenge, a voluntary online personal finance exam administered by over 1,500 teachers in every state and several Department of Defense schools overseas to over 76,000 high school students. This will be repeated annually. Further, ED is working with Treasury on the report on postsecondary financial literacy programs required by the HEOA. Other activities being planned include back-to-school events with FLEC partners to highlight schools that connect financial education and financial access by linking with local banks and credit unions.

## Massachusetts Funds, Learn at Work at 11 Worker Training Sites

[Massachusetts' Executive Office of Labor and Workforce Development](#) recently [allocated](#) \$1.6 million in workforce training and [American Recovery and Reinvestment Act \(ARRA\)](#) funds to support the state's [Learn at Work](#) program. Launched in November 2009, the program is supplemented by \$400,000 in funds from the state's Department of Elementary and Secondary Education. The 11 new grants go to local organizations to promote public-private partnerships across industries throughout the commonwealth. Partners provide workplace basic skills and English for Speakers of Other Languages (ESOL) for youths and adult workers at their work sites. Participants must be 16 and older, employed and not enrolled in high school. Classes may include adult basic education (reading, writing and computation below high school diploma level), ESOL, and basic computer instruction.