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**STATEMENT ON RESULTS FROM
*THE NATION'S REPORT CARD: ECONOMICS 2006***

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Chairman, National Assessment Governing Board**

We are appreciative of the comments of Gary Stern and Bruce Damasio who have clearly made the point that the topics of economics and finance must be important components of a high school education. Along with civics and history, an understanding of economics and finance helps prepare students to be successful family members and active, contributing, and voting citizens. It is hard to see how anyone can participate fully in modern life without an understanding of fundamental economics.

Economic issues affect many parts of our life. Consequently, in developing the framework for the economics assessment, the Governing Board took care to see that a wide range of topics and viewpoints were included. Educators, policy-makers, representatives of business and industry, and parents were involved. Over 500 individuals participated over a one-year period. The process included expert testimony, 10 public forums, and ample opportunity for public and interest group input. Many hours of public service go into the development of National Assessment frameworks, and we are indebted to the many individuals who participate, for the most part with little public notice or reward.

I must admit to a strong personal interest in today's subject. From the perspective of one with some training in economics and experience in banking and finance, I have too often been surprised and disappointed in high school graduates' (and for that matter college graduates') lack of understanding of important concepts; for example compound interest, the cost of credit and, in general, the future value of money. To believe what we read in the newspapers, the point that you can't reduce credit card debt by paying only the minimum balance due each month is not adequately learned.

Some years ago, in reviewing the results of a major study of family housing decisions, an unanticipated result was the finding that most homeowners did not know how much they borrowed to buy their house, how much they owed, or at what interest rate they agreed to repay the borrowing. They only knew the monthly payment amount.

When I mentioned this finding to a group of bank officers, they were surprised that I was surprised. They recounted the amount of time that they had to spend with customers to explain the simple economics of establishing credit, the costs of borrowing money and the potential impact paying back borrowings can have on family budgets. One officer commented cynically, “And these are the people who vote on bond issues and city budgets.”

So we are pleased today to feature economics and to present the results of NAEP’s first assessment of student performance in the subject. While there is clear room for improvement, the results are not discouraging. By the end of high school, most students have taken some manner of economics and/or personal finance courses. While too few perform at a high level, about eight out of 10 seem to understand the basics. Given the number of students who finish high school with a limited vocabulary, not reading well, and weak in mathematics, the results may be as good as or better than we should expect.

Looking across all the subjects covered in recent national assessments, there is some similarity of results. As I have said before, the National Assessment is not designed to tell us the causes of student performance. But there is a common-sense hint that students who do not comprehend what they read and who have trouble with basic mathematics will find other subjects difficult. This certainly can be postulated for economics.

The suggestions that too much emphasis on reading and math are crowding other subjects out of the school curriculum again are not supported by the assessment data. To the contrary, the data suggest the need for even more literate and numerate students. Good educators understand that curriculum issues are not a matter of simple tradeoffs. It is not mathematics or economics, but rather mathematics and economics; not reading or history, but both.

In a few months we will start the NAEP reporting cycle over again with the release of 4th- and 8th-grade reading and mathematics results for 2007. We should be very attentive to any changes we find in elementary and middle school performance, for these will likely predict (and to some extent determine) the future results for 12th-grade. I suspect that most of you hope, as I do, that early emphasis on reading and math will put into the pipeline students who are better prepared to master high school and college material.

We appreciate your interest and look forward to seeing you in the fall.