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**STATEMENT ON *THE NATION'S REPORT CARD:*
*Economics 2012, Grade 12***

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For more than seven years, I have been teaching courses in economics and financial literacy to high school seniors in New York City. We cover the basics of economics—scarcity, limited resources, the need for trade-offs, supply and demand. Then we move on to the practical things that relate to their lives—reading a pay stub, managing a bank account, applying for credit, renting or maybe buying a home.

I think what we cover is terrifically important. But there is a broader point about what teachers of economics education are trying to do. Through our courses we are trying to develop financially responsible citizens who understand the principles and have the information to make sound decisions in their own personal lives and as voters.

Of course, sound judgment like that is not just a matter of schooling. A lot of it goes back to family values. I was born in Brooklyn. My parents immigrated to the United States from Ecuador. They taught me that the bills come first before buying the fancy clothes. You must keep the roof over your head, pay the rent, and be responsible. That's what they stressed.

However, having a clear grasp of economic principles and of the financial arrangements of a modern economy—credit cards, car loans, discounts, compound interest—can help students immensely in navigating the marketplace in which we all live.

Unfortunately, the NAEP report being released today shows that high school seniors nationwide are still well short of where they should be.

There have been gains in the past six years for lower-scoring groups, particularly Hispanics, and at the lower end of score distribution. This is good news. The proportion of students below the *Basic* achievement level has declined. But, as you can see in the description and the sample

questions, *Basic* is not a high standard. And there has been no significant increase in average scores or in the proportion reaching *Proficient*, which is a little more than 40 percent.

Under the standards set by the National Assessment Governing Board, *Proficient* requires not just knowledge of basic concepts and facts but the ability to apply them and draw conclusions based on logic and evidence. Many of the questions students need to answer to reach *Proficient* call for written answers and explanations, not just picking answers from multiple-choice. The written answers expected are usually brief, but most students seem to have trouble providing them.

The same pattern prevails in the other subjects NAEP tests. That is a situation our school and many others across the country will be trying to change over the next few years as the Common Core State Standards are implemented. Right now there are no Common Core standards and no national curriculum in economics, though I hope eventually there will be. However, the thrust of the standards in mathematics and English language arts applies in our field, too—less emphasis on knowing, more on applying knowledge and reasoning. In assessment, there will be a greater push to have students give reasons for what they are stating and supply evidence to support their answers. Those demands already are part of the NAEP economics assessment.

There are six questions for you to look at in the report. About 50 more released questions from the 2012 assessment are available on the NAEP website. A few of these deal with practical situations, which is what I like to emphasize in my classes.

For example, there is one question about a two-income family that is “deciding whether one parent should stay at home with the children and not work for money.” The question asks students to describe two economic factors that are most likely to influence their decision.

According to the scoring guide, the factors that might be mentioned are the cost of child care, the loss of current income, and the possibility of less income growth in the future because of the loss of job experience and seniority for the stay-at-home parent.

Only 27 percent of students gave a correct answer with two factors mentioned. Another 46 percent were rated partially correct because they mentioned only one factor; 19 percent were incorrect; and 8 percent omitted any answer at all.

Other questions were somewhat more abstract—the costs of unemployment, the effect of high interest rates on borrowing. But these also relate to situations our students may soon face. To give fully correct answers students had to express themselves clearly and know the vocabulary involved. Too often these skills are weak. They must be part of what our schools develop.

Like other NAEP results, the report on economics shows disturbing achievement gaps. On average, black and Hispanic students score substantially below Asians and whites. The children of college graduates are well ahead of those with parents who have less education. One other gap, which is not in the published report, can be found in the data tables on the Web: Students in city schools score well below those in the suburbs.

NAEP gives no explanations for these differences. It just reports on them. But I know from my own experience in New York that large classes and the problems in families and communities add to the challenges that schools face. However, when there is a clear focus and strong curriculum, good results can be achieved. Seniors in our school, where about 75 percent of students qualify for free or reduced-price lunch, have had one of the highest passing rates for several years on the financial literacy exam sponsored by a nonprofit group, w!se (Working in Support of Education).

The NAEP test, of course, does not give school or student results. It shows patterns of achievement across the nation and for different groups. With this report, I hope NAEP helps focus the attention of the nation on the importance of teaching economics. All students should learn its principles and its language, and then be able to use them in the daily decisions that shape their lives.