

December 2006

FINANCIAL  
LITERACY AND  
EDUCATION  
COMMISSION

Further Progress  
Needed to Ensure an  
Effective National  
Strategy





Highlights of [GAO-07-100](#), a report to congressional committees

## Why GAO Did This Study

The Financial Literacy and Education Improvement Act created, in December 2003, the Financial Literacy and Education Commission. Responding to the act's mandate that GAO assess the Commission's effectiveness, this report reviews its 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 financial literacy representatives, and benchmarked the national strategy against GAO's criteria for such strategies.

## What GAO Recommends

GAO recommends 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) independently review for duplication and evaluate the effectiveness of federal activities, and (4) expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities. Responding to a draft of this report, the Treasury Department said it would consult with the Commission on addressing GAO's recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-100](http://www.gao.gov/cgi-bin/getrpt?GAO-07-100).

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 is comprehensive in identifying the breadth of issues involved and the challenges in addressing them. 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 are either descriptions of existing initiatives or broad pronouncements that do not include a specific implementation plan. 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 or performance measures by which to benchmark progress, address the resources needed to accomplish these goals, or fully discuss appropriate roles, responsibilities, and accountability. As a result of these factors, most organizations that GAO spoke with said the strategy would not play a meaningful role in guiding or informing their efforts.

The Commission's Web site and telephone hotline offer financial education information from numerous federal agencies. The Web site generally serves as an effective portal to existing federal financial literacy sites. Use of the site has been growing, and it averaged about 57,000 visits per month from May through September 2006. 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. As the Commission continues to implement its strategy, it should consider expanding its activities and work to develop mutually beneficial and lasting partnerships that will be sustainable over the long term.

---

# Contents

---

<b>Letter</b>		1
	Results in Brief	3
	Background	5
	National Strategy Is Descriptive Rather Than Strategic, Limiting Its Value in Guiding the Nation's Financial Literacy Efforts	7
	Web Site and Telephone Hotline Offer Financial Education Information from Federal Agencies	17
	The Commission Has Taken Steps to Coordinate Federal Agencies' Efforts and Promote Partnerships but Faces Challenges	29
	Conclusions	34
	Recommendations for Executive Action	36
	Agency Comments and Our Evaluation	37
<b>Appendix I</b>	<b>Scope and Methodology</b>	40
<b>Appendix II</b>	<b>Summary of Expenditures and Funding Sources for the Commission</b>	44
<b>Appendix III</b>	<b>Comments from the Department of the Treasury</b>	46
<b>Appendix IV</b>	<b>GAO Contact and Staff Acknowledgments</b>	48
<b>Tables</b>		
	Table 1: Extent the National Strategy for Financial Literacy Addresses GAO's Desirable Characteristics of an Effective National Strategy	12
	Table 2: Contents of My Money Tool Kit as of April 2006	25
	Table 3: Treasury Department's Expenditures under Budget Authority for Developing and Implementing a National Financial Literacy Strategy, Fiscal Years 2005-2006	45
	Table 4: Treasury Department's Office of Financial Education's Support to the Financial Literacy and Education Commission, Fiscal Year 2006	45

---

---

## Figures

Figure 1: My Money Web Site Usage, Fiscal Years 2005-2006	21
Figure 2: My Money Hotline Call Volume, Fiscal Years 2005-2006	27

---

## Abbreviations

FDIC	Federal Deposit Insurance Corporation
GSA	General Services Administration

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



United States Government Accountability Office  
Washington, DC 20548

---

December 4, 2006

The Honorable Richard C. Shelby  
Chairman  
The Honorable Paul S. Sarbanes  
Ranking Minority Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable Michael G. Oxley  
Chairman  
The Honorable Barney Frank  
Ranking Minority Member  
Committee on Financial Services  
United States House of Representatives

A growing body of evidence indicates that many Americans are lacking in financial literacy—the ability to make informed judgments and manage money effectively. Numerous studies published in recent years have shown that most adults and students have not mastered basic economic concepts, such as the risks associated with investment choices. Poor financial literacy can reduce consumers’ economic well-being and security in a variety of ways.<sup>1</sup> For example, poor financial management and decision making can result in a lower standard of living and prevent families from reaching important long-term goals, such as buying a home, paying for college education, and adequately funding retirement. Financial literacy has broader public policy implications as well. For instance, financial markets function best when consumers understand how financial services providers and products work and know how to choose among them. Further, educating the public about the importance of saving may be critical to boosting our national saving rate, an important element to improving America’s economic growth.

To help address this issue, Title V of the Fair and Accurate Credit Transactions Act of 2003, cited as the Financial Literacy and Education Improvement Act, created the Financial Literacy and Education

---

<sup>1</sup>For example, see Sandra Braunstein and Carolyn Welch, “Financial Literacy: An Overview of Practice, Research, and Policy,” *Federal Reserve Bulletin*, November 2002.

---

Commission (the Commission).<sup>2</sup> The Commission, which is made up of 20 federal agencies, was charged with developing a national strategy—which is to be reviewed annually and modified as deemed necessary—to improve basic financial literacy and education for all Americans. The act also said that to implement the strategy the Commission shall coordinate federal financial education efforts and promote partnerships between and among federal, state, and local governments, nonprofit organizations, and private enterprises. As part of the national strategy, the Department of the Treasury (Treasury Department) was required to develop and disseminate a multimedia campaign to improve financial literacy. The law also required the Commission to create a Web site and toll-free telephone hotline to disseminate financial education to the public. The Commission is chaired by the Secretary of the Treasury and is coordinated through the department’s Office of Financial Education.

The Financial Literacy Act also mandated that we assess the effectiveness of the Commission in promoting financial literacy and education.<sup>3</sup> As agreed with your offices, this report responds to that mandate by reviewing 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.

To address these objectives, we reviewed the Financial Literacy Act and analyzed relevant Commission documents, including the National Strategy for Financial Literacy, comment letters on the national strategy’s development, and meeting minutes of the Commission and its working groups and subcommittees. We interviewed representatives of all 20 federal agencies that are members of the Commission, as well as representatives of 12 organizations that address issues of financial literacy

---

<sup>2</sup>Pub. L. No. 108-159, Title V, 117 Stat. 2003 (Dec. 4, 2003) (codified at 20 U.S.C. §§ 9701–08). Hereafter, this report refers to the Financial Literacy and Education Improvement Act as the “Financial Literacy Act.”

<sup>3</sup>We have previously issued three other reports mandated by the Fair and Accurate Credit Transactions Act of 2003. See GAO, *Identity Theft: Some Outreach Efforts to Promote Awareness of New Consumer Rights Are Under Way*, [GAO-05-710](#) (Washington, D.C.: June 30, 2005); GAO, *Credit Reporting Literacy: Consumers Understood the Basics but Could Benefit from Targeted Educational Efforts*, [GAO-05-223](#) (Washington, D.C.: Mar. 16, 2005); and GAO, *Highlights of a GAO Forum: The Federal Government’s Role in Improving Financial Literacy*, [GAO-05-93SP](#) (Washington, D.C.: Nov. 15, 2004).

---

in the private, nonprofit, academic, and state and local government sectors. We assessed the national strategy, in part, by benchmarking it against general characteristics of an effective national strategy we have identified in prior work. We also gathered and analyzed data on the content and usage of the Commission's Web site, telephone hotline, and publication tool kit. We compared the Web site against best practices for federal public Web sites recommended by the Web Content Managers Advisory Council.

We conducted our work from January 2006 through November 2006 in accordance with generally accepted government auditing standards. A more extensive discussion of our scope and methodology appears in appendix I.

---

## Results in Brief

The National Strategy for Financial Literacy is comprehensive in scope and 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. To develop it, the Commission created a working group of 13 agencies, issued a call for public comment in the *Federal Register*, and held public meetings. The Commission issued the document 10 months after the mandated release date, in part because the agencies had difficulty reaching consensus on its content. The strategy is comprehensive, discussing many of the major challenges in improving financial literacy, presenting an overview of key issues—such as target populations and subject areas—and describing a variety of financial literacy initiatives in the government, nonprofit, and private sectors. However, its recommendations are presented as “calls to action” that are generally either descriptions of existing initiatives or broad pronouncements that do not include a plan for implementation. Further, the strategy only partially addresses some of the characteristics we have previously 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 provide a detailed discussion of problems and risks; establish specific goals, performance measures, and 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.

The Commission's Web site and telephone hotline offer consumers financial education information from several federal agencies. The My

---

Money Web site serves as a portal to more than 260 other federal financial education sites, and representatives of financial literacy organizations generally told us that the site served its purpose effectively. Use of the Web site has been growing, and it received about 628,000 visits in fiscal year 2006—roughly comparable to private sector financial literacy sites we reviewed. Largely because of competing priorities and resource constraints, officials responsible for developing the site have not yet implemented certain best practices recommended for federal public Web sites, such as testing for usability and measuring customer satisfaction. As a result, the Commission does not know if visitors are able to find the information they are looking for efficiently and effectively. The telephone hotline serves as an order line for a free “tool kit,” which consists of publications on financial topics from several federal agencies. The volume of calls to the hotline has been limited—for example, an average of about 200 calls per month between February 2005 and February 2006—possibly because of a lack of publicity. 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 by the spring of 2007, will also promote the Commission’s Web site and telephone hotline.

The Commission has played a role in coordinating federal agencies and promoting public-private partnerships but has faced certain challenges in these areas. The Commission created a single focal point for federal agencies to come together on the issue of financial literacy, and several of the national strategy’s calls to action involve interagency efforts. The financial literacy Web site and hotline have also consolidated information from a number of federal agencies. However, the Commission has faced challenges coordinating federal efforts and reaching consensus, in part because its member agencies have differing missions and perspectives. In addition, the Commission’s own staff and funding resources are relatively small, and it has no legal authority to direct member agencies to reallocate resources or take other actions. To meet requirements of the Financial Literacy Act that it identify areas of overlap and duplication among federal financial literacy activities and evaluate the effectiveness of federal financial literacy materials, the Commission reviewed federal programs and resources and asked each agency to evaluate the effectiveness of its financial literacy materials. This process thus lacked the benefit of independent analysis by a disinterested third party. The Commission has taken some steps to promote public-private partnerships, such as sponsoring conferences and engaging in community outreach, but the



---

impact of these steps is unclear. Private and nonprofit financial literacy organizations we spoke to said that the Commission's actions had been useful but had little impact on their overall relationship with federal agencies and other entities. In addition, the Commission has not been as active in its efforts to promote partnerships and coordinate with state and local governments.

This report recommends first that the Secretary of the Treasury, in concert with other agency representatives of the Commission, incorporate into the national strategy a concrete definition for financial literacy and education; clear, specific goals, performance measures, and benchmarks; the actions needed to accomplish these goals; a description of the resources required; and a discussion of appropriate roles and responsibilities for federal agencies and others. Second, we recommend that the Commission conduct usability testing of and measure satisfaction with the My Money Web site. Third, we recommend that the Treasury Department, in conjunction with the Commission, provide that the review of duplication and overlap and the evaluation of federal materials are independent and do not rely solely on agencies' self-assessments. Finally, we recommend the Commission consider ways to expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities.

We provided a draft of this report to the Treasury Department, in its capacity as chair of the Commission. The department noted that the National Strategy for Financial Literacy is the nation's first such effort and, as such, its calls to action are appropriately substantive and concrete. We acknowledge that the national strategy represents a starting point but believe that future iterations of the strategy would benefit from inclusion of the characteristics cited in our report. The Treasury Department's response also said the department will consult with the Commission on addressing our recommendations related to clarifying the definition of financial literacy, improving the Web site, conducting an independent evaluation of federal activities, and cultivating additional partnerships.

---

## Background

According to the Financial Literacy and Education Improvement Act, the purpose of the Financial Literacy and Education Commission is to "improve the financial literacy and education of persons in the United States through development of a national strategy to promote financial literacy and education." The act states the Commission shall be composed

---

of the Secretary of the Treasury and the heads of 19 other federal departments and agencies and allows the President to appoint up to 5 additional members.<sup>4</sup> The Commission must hold one public meeting at least every 4 months; the Commission's first meeting was held in January 2004.

The act specifies certain areas the Commission shall emphasize—such as consumer awareness of budgeting, credit, investment, and banking—and requires the Commission to undertake certain activities, including

- providing not later than 18 months after the date of the first meeting of the Commission a report to Congress on the Commission's progress, which must include, among other things, a national strategy to promote financial literacy and education for all Americans;
- establishing and maintaining a financial education Web site to provide a coordinated point of entry for information about federal financial literacy education programs and grants;
- establishing a toll-free hotline available to the public seeking information about issues pertaining to financial literacy and education;
- identifying areas of overlap and duplication among federal financial literacy and education activities and coordinating federal efforts to implement the national strategy;
- assessing the availability, utilization, and impact of federal financial literacy and education materials; and
- promoting partnerships among federal, state, and local governments, nonprofit organizations, and private enterprises.

---

<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, the 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 2006, the President had not appointed any additional members.

---

The act requires that the strategy be reviewed and modified as deemed necessary at least once a year. The act also requires the Secretary of the Treasury, after review of the Commission's recommendations, as part of the national strategy, 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 lends primary support to the Commission and coordinates its efforts. The office has assigned professional staff, equivalent to 2.5 staff years, to handle work related to the Commission. Three other agencies have detailed seven government employees for between 2 months and 2 years each at the Treasury Department to support the Commission between April 2003 and August 2006. The Commission has no independent budget. Most representatives of the Commission could not provide us with an estimate of the resources allocated to the Commission, most of which consisted of in-kind staff assistance. The act authorized appropriations to the Commission of "such sums as may be 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. Additional information on the Commission's budget and expenditures appears in appendix II.

---

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

The National Strategy for Financial Literacy serves as a useful first step in focusing attention on financial literacy but is largely descriptive rather than strategic. The strategy is comprehensive, discussing many of the major issues and challenges in improving financial literacy and describing a variety of financial literacy initiatives in the government, nonprofit, and private sectors. However, its recommendations are presented as "calls to action" that generally do not include a plan for implementation and the strategy only partially addresses most of the characteristics—such as full discussion of performance measures, resource needs, and roles and responsibilities—that we have previously identified as desirable for any effective national strategy. As a result, most federal and nonfederal agencies we interviewed said that the national strategy was unlikely to affect their financial literacy and education efforts.

---

## The Commission Developed a National Strategy, but Difficulty Reaching Consensus Delayed Its Release

To develop the National Strategy for Financial Literacy, in May 2004, the Commission formed a national strategy working group of 13 member agencies.<sup>5</sup> According to a Treasury Department representative, the working group met 11 times and working group members provided background research and developed material for each of the strategy's chapters. The Financial Literacy Act called for the participation of state and local governments and private, nonprofit, and public institutions in the creation and implementation of the national strategy.<sup>6</sup> To help meet this requirement, the working group, through the Treasury Department, issued a request for public comment on the development of the strategy in a *Federal Register* notice that was released in August 2004.<sup>7</sup> The request generated approximately 158 public responses from a wide array of federal, state, and local government entities; private companies; nonprofit agencies; and individuals, including academics and private citizens. The working group also held six public meetings in February and March 2005 with individuals and organizations that had responded to the request for public comment. Each meeting was organized around a specific sector—commercial, government, nonprofit, education, and banking—with one for individuals. Commission documents stated that the working group had considered information and ideas from the participants of these meetings during the development of the national strategy.

Although the Financial Literacy Act required the Commission to adopt the strategy within 18 months after the date of the act's enactment, or June

---

<sup>5</sup>Financial Literacy and Education Commission, *Taking Ownership of the Future: The National Strategy for Financial Literacy* (Washington, D.C.: April 2006). The agencies represented on the national strategy working group were the Department of Defense, Department of Education, Department of Health and Human Services, Department of Labor, Department of the Treasury, Federal Deposit Insurance Corporation, Federal Reserve Board, Federal Trade Commission, General Services Administration, Office of the Comptroller of the Currency, Office of Personnel Management, Securities and Exchange Commission, and Social Security Administration.

<sup>6</sup>20 U.S.C. § 9703(f)(2)(A).

<sup>7</sup>69 *Fed. Reg.* 52538 (Aug. 26, 2004) (Department of the Treasury, "Comment Request for Financial Literacy and Education Commission National Strategy"). The notice specifically requested comments on (1) the three most important issues that the national strategy should address, (2) the existing resources that may be used to address those issues and how they could be employed, and (3) the best ways to improve financial literacy and education in the United States.

---

2005, the strategy was not publicly released until April 4, 2006.<sup>8</sup> The Commission sought unanimous consent on the national strategy, and Commission members told us that the difficulty of reaching consensus among all 20 member agencies had delayed the strategy. For instance, according to a Treasury Department official, some agencies disagreed about what the strategy should include, and some agency representatives had difficulties securing the approval of higher-level agency officials, who in some cases had objections. Some participants in the development of the national strategy told us that the process was generally collaborative and that they were given sufficient opportunity to provide input and review drafts of the strategy. Other participants told us that they believed that the working group was not always given ample opportunity to provide input into important issues, such as the strategy's overall direction, recommendations, or implementation. Many Commission representatives acknowledged 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 among agencies was the issue of whether nonfederal entities should be cited by name in the strategy document. The national strategy includes numerous “illustrative programs” that provide examples of financial literacy initiatives in the private and nonprofit sector. According to a Treasury official, most Commission member agencies believed that these private and nonprofit entities should be cited by name, but some agencies did not. Specifically, two regulatory agencies that were part of the Commission said that a potential conflict of interest existed if they were perceived to be endorsing a program run by an entity that was potentially the subject of an enforcement action. To address these issues, the Commission decided to remove names of private and nonprofit sector organizations from the national strategy. After consultation with all Commission members, the organizations' names were included instead in a separate document issued

---

<sup>8</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).

---

by the Treasury Department, the “National Strategy for Financial Literacy: Quick Reference Guide.”<sup>9</sup>

---

### The National Strategy’s Content Is Comprehensive but Largely Descriptive

The content of the National Strategy for Financial Literacy largely consists of a comprehensive overview of issues related to financial literacy, along with examples of ongoing initiatives. The strategy is organized into 13 chapters. Seven of these chapters cover subject areas for financial education, such as retirement saving, credit, and taxpayer rights, while three others focus on specific groups—students, the unbanked, and multilingual and multicultural populations.<sup>10</sup> There are also chapters on academic research and program evaluation, coordination efforts, and international initiatives. Most chapters provide a brief overview of the subject and the challenges the nation faces in addressing it, but most of the discussion involves “illustrative programs” that are already in place. These programs, of which the report discusses more than 80, are run by nonprofit organizations, academia, the private sector, and federal, state, and local governments. For example, the chapter on investor protection includes several pages describing specific resources and programs available through federal agencies and private entities.

The strategy is comprehensive in its scope. It describes many major problems and challenges related to financial literacy in America, 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—that is, it provides information on disparate issues and initiatives related to financial literacy 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,” which it defines as concrete steps that should be taken for

---

<sup>9</sup>U.S. Department of the Treasury, *Quick Reference Guide to the National Strategy for Financial Literacy* (Washington, D.C.: Apr. 4, 2006).

<sup>10</sup>The term “unbanked” is widely used to describe individuals without transaction accounts at traditional financial institutions.

---

improving financial literacy and education in particular areas. Sixteen of these 26 calls to action are addressed to federal entities, 5 to private or nonprofit organizations, and 5 to the public at large. 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 it does not lay out a plan for helping ensure that investors will do so. Among the ongoing initiatives cited are a multimedia campaign that the Treasury Department is to launch that is mandated in the Financial Literacy Act. Another call to action states that the Department of Health and Human Services “will continue its public awareness campaign on the new Medicare drug benefit that encourages seniors to enroll in the program.”

---

### Certain Elements of an Effective National Strategy Are Lacking

We have previously identified a set of desirable characteristics for any effective national strategy.<sup>11</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. These six characteristics are (1) a clear purpose, scope and methodology; (2) a detailed discussion of problems and risks; (3) desired goals, objectives, activities, and performance measures; (4) a description of future costs and resources needed to implement the strategy; (5) a clear delineation of the government’s roles, responsibilities, and mechanisms for coordination; and (6) a description of how the strategy is integrated with other entities. We found that the National Strategy for Financial Literacy generally addresses the first of these characteristics and partially addresses the other five (see table 1).

---

<sup>11</sup>GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, [GAO-04-408T](#) (Washington, D.C.: Feb. 3, 2004).

**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.

**Clear Purpose, Scope, and Methodology**

An effective strategy describes why the strategy was produced, the scope of its coverage, and how it was developed. A complete description of the purpose, scope, and methodology can make a document more useful to the implementing entities as well as to oversight organizations such as Congress. The National Strategy for Financial Literacy generally addresses this characteristic. It cites the legislative mandate that required the strategy, the overall purpose—improving financial literacy and education in the United States—and subsidiary goals such as making it easier for consumers to access financial education materials. A related document also discusses in detail the steps the Commission took to develop the strategy, including descriptions of working group meetings, the sector-specific meetings, and the notice for public comment.

The strategy’s foreword discusses its scope and defines key concepts, such as the document’s “calls to action” and “illustrative programs.” The Financial Literacy Act does not specifically define “financial literacy” or “financial education.” However, the act does specify a detailed and wide-ranging list of the elements that the Commission should emphasize—such as budgeting, saving, managing credit, understanding financial products, avoiding abusive lending, understanding investments—which the strategy



---

---

Detailed Discussion of  
Problems and Risks

discusses.<sup>12</sup> Thus, while the strategy does generally have a clear purpose, scope, and methodology, it might benefit additionally by providing its own concrete definition for financial literacy and education, which would help define the scope of the Commission’s work.

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. The strategy identifies specific problems that indicate a need for improved financial literacy. For example, the chapter on general saving provides data on the decline in the personal saving rate over the last 35 years, and the chapter on consumer protection cites an estimate on the percentage of American adults who are scammed every year. The strategy also discusses some of the causes for these problems. For example, the chapter on education notes that teachers are often not prepared to teach financial education and do not know about available educational materials and curricula.

While the strategy does address many key problems and risks, it might benefit further from a fuller discussion of the long-term risks—to both individual families’ well-being and the broader national economy—that may be associated with poor financial literacy. Moreover, a clear understanding of our nation’s overall financial condition and fiscal outlook is an indispensable part of true financial literacy. 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>13</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

---

<sup>12</sup>For example, the statute states that the Commission shall emphasize elements including how to “create household budgets, initiate savings plans, and make strategic investment decisions for education, retirement, home ownership, wealth building, or other savings goals” and “increase awareness of the availability and significance of credit reports and credit scores in obtaining credit, the importance of their accuracy (and how to correct inaccuracies), their effect on credit terms, and the effect common financial decisions may have on credit scores.” 20 U.S.C. § 9703(a)(2).

<sup>13</sup>For example, see GAO, *The Nation’s Long-Term Fiscal Outlook: September 2006 Update*, [GAO-06-1077R](#) (Washington, D.C.: Sept. 15, 2006).

---

Desired Goals, Objectives,  
Activities, and Performance  
Measures

---

indefinitely in their present form. The federal government has sought to encourage personal saving through policies such as tax incentives, but the effect of these policies on the overall level of personal saving is uncertain—highlighting further the importance of public education in raising our national saving rate and ensuring that Americans enjoy a secure retirement.<sup>14</sup>

This characteristic deals with what goals a strategy strives to achieve and the steps needed to meet those goals, as well as milestones and outcome measures to gauge results. The National Strategy for Financial Literacy partially addresses these characteristics. The strategy does identify and discuss four strategic areas needed to improve financial literacy—building public awareness of available resources; developing tailored, targeted materials and dissemination strategies; tapping into public-private and private-private partnerships; and doing research on and evaluating financial education programs. As discussed earlier, it also includes the 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 subordinate objectives for what it seeks to achieve, 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 a good means of measuring its progress and holding relevant players accountable.

A Treasury Department official told us that the Commission would be tracking the implementation of the “calls to action,” many of which represent tangible activities. He said that the department, in coordination with the Commission, may also track overall statistical measures that can serve as a gauge to the nation’s financial literacy. He also noted that it would be difficult to attribute the particular effect the national strategy

---

<sup>14</sup>GAO, *National Saving: Current Saving Decisions Have Profound Implications for Our Nation’s Future Well-Being*, [GAO-06-628T](#) (Washington, D.C.: Apr. 6, 2006).

---

has had on statistics like the national saving rate, because so many variables affect them. While we recognize this difficulty, we believe the Commission should lay out a more concrete process for monitoring and reporting on its progress. Behavior-related outcome measures would serve as more effective overall indicators of the progress the nation—and by extension the Commission—is making in addressing financial literacy.

Description of Future Costs and Resources Needed

This characteristic describes what a strategy will cost, the sources and types of resources needed, and where those resources should be targeted. The financial literacy strategy partially addresses this characteristic. In general terms, the strategy discusses the types of resources that are available from different sectors, including the federal and state governments, private companies, and community organizations. The Quick Reference Guide that accompanies the strategy provides a list of these resources along with their Web sites and contact information.

However, the strategy does not address fundamental questions about the level and type of resources that are needed to implement the national strategy. No cost estimate is provided either for the strategy as a whole or for specific initiatives or activities. The strategy also 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—an issue raised by some organizations in their public comment letters on the strategy. Moreover, the strategy also does not discuss 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

This characteristic deals with which organizations will implement a strategy and describes their roles and responsibilities, as well as mechanisms for coordinating their efforts. The National Strategy for Financial Literacy partially addresses these issues. It discusses the involvement of various sectors—including the federal government, state and local governments, private companies, nonprofit and community organizations, academia, and private individuals—in seeking to improve financial literacy. It also discusses, in very general terms, the roles of the government in relation to the private sector and individuals. In addition, some of the strategy’s calls to action identify specific agencies that will or

---

should implement certain tasks or initiatives. As discussed later in this report, the national strategy also includes a chapter on interagency coordination and a discussion of the need for public-private partnerships.

The strategy is not specific about roles and responsibilities. For example, it does not advocate new approaches for the federal government's role in promoting financial literacy or recommend changes in the roles of individual 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>15</sup> In addition, the strategy generally does not clarify implementing organizations' relationships in terms of leading, supporting, and partnering. The nongovernmental sector plays a significant role in financial education. While the strategy does emphasize the importance of coordination and partnership—and cites existing examples of such efforts—it is limited in identifying or promoting specific processes for coordination and collaboration between sectors and organizations. The lack of a detailed discussion of roles and responsibilities may serve as a barrier to conducting a coordinated and clearly defined implementation plan and to ensuring that sufficient accountability exists.

#### Description of Integration with Other Entities

This characteristic addresses how a national strategy relates to other federal strategies' goals, objectives, and activities. A strategy might also discuss, as appropriate, various strategies and plans produced by the state, local, private, or international sectors. The National Strategy for Financial Literacy partially addresses this characteristic. It 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 between itself and 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. As a result, the strategy may be less effective in marshalling and leveraging the abilities and resources that exist outside of the federal government.

---

<sup>15</sup> [GAO-05-93SP](#), pp. 5-8.

---

## The Impact of the National Strategy May Be Limited

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 that we spoke with could identify ways in which the national strategy was guiding their own work to address financial literacy. Most characterized the strategy as a description of their existing efforts.

A Treasury Department official noted to us that the national financial literacy movement is still in its early stages and that the Commission itself is a relatively new entity. As such, he said, the national strategy—which is to be reviewed at least annually—was intended largely as an initial step to call attention to the issue of financial literacy, identify the key issues involved, and survey the landscape of current financial literacy efforts. He said that subsequent versions of the strategy may look different as the Commission’s efforts evolve. A supplement to the national strategy states that the initial strategy was intended to be a blueprint that is firm enough to give general direction but flexible enough to allow different players to choose their own roles in enhancing financial education. An official noted that the goal of many of the strategy’s calls to action is to construct a base of knowledge and a consensus among key players. Thus, many of the calls to action involve conferences and other meetings, which he said are intended to bring players from a variety of sectors together so as to build a foundation of understanding and agreement. These meetings and discussions, the official said, are not in lieu of more precise recommendations, but rather a prerequisite to them.

---

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

The Commission’s My Money Web site serves as a portal to more than 260 other federal financial education sites, and representatives of financial literacy organizations generally told us that the site served its purpose effectively. Use of the Web site has been growing, though due to resource constraints and competing priorities, the site has not yet implemented certain best practices recommended for federal public Web sites, such as testing for usability and measuring customer satisfaction. As a result, the Commission does not know if visitors are able to find the information they are looking for efficiently and effectively. The volume of calls to the Commission’s telephone hotline—which serves as an order line for a free “tool kit”—has been limited, possibly because of a lack of publicity. To meet a Financial Literacy Act requirement for conducting a public service multimedia campaign, the Treasury Department has contracted with the

---

Advertising Council to develop and implement a campaign focusing on credit literacy among young adults.

---

### Financial Education Web Site Offers Links to Federal Resources

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. To implement this requirement, in January 2004, the Commission created a Web site subcommittee that was chaired at the time by the Commodity Futures Trading Commission. According to Treasury Department representatives, 17 member agencies serve on the subcommittee. In October 2004, the My Money Web site ([www.MyMoney.gov](http://www.MyMoney.gov)) was launched in both an English- and a Spanish-language version. As of July 2006, the subcommittee had met two times in person and had communicated through e-mail and teleconference during the process of developing and updating the Web site. Members of the Web site subcommittee told us the working relationship on the subcommittee was collaborative. Members of the Web site subcommittee have credited the General Services Administration (GSA) with providing much of the staff time and resources to implement the Web site. GSA's Federal Citizen Information Center hosts the Web site and provides most of its technical support. According to GSA representatives, as of August 2006, 14 GSA staff members had spent about 4,000 staff hours to support the Commission's activities, including the Web site. Other agencies told us that they have not tracked the amount of staff time they have devoted to the Web site. Agencies have primarily supported the Web site through in-kind contributions in the form of staff time, although GSA has provided additional resources by covering the costs to host and maintain the site. The Web site has not received a specific appropriation and Treasury representatives said they do not anticipate requesting dedicated funding for it.

### Web Site Serves as a Portal to Other Federal Sites

The My Money Web site serves as a "cross-agency portal"—that is, a gateway that gathers information and services from multiple federal agencies—and consists largely of links to financial literacy and education Web sites maintained by Commission member agencies. Updated in January 2006 and again in October 2006, the English-language version of the My Money Web site now has more than 260 links. These links are

---

organized around 12 topics.<sup>16</sup> For example, under “financial planning” consumers can find links to about a dozen Web resources, including a site on building wealth from the Federal Reserve Bank of Dallas and a site on finances for young adults from the Federal Deposit Insurance Corporation (FDIC). The Web site also includes an interactive money quiz, information about the Commission, and the National Strategy for Financial Literacy. The Spanish-language version of the Web site includes about 40 links to Spanish-language financial education materials provided by federal agencies. Many representatives of financial literacy initiatives and organizations that we spoke to in the private and nonprofit sectors were generally satisfied with the Web site, saying that it provided a clear and useful portal for consumers to federal financial education materials.

With the exception of the interactive quiz, the Commission did not create any original content for the My Money Web site, but instead sought to coordinate existing federal agency financial education materials. As such, the Web site was largely intended to help market and distribute existing federal financial literacy resources to a wider audience. The Web site subcommittee also chose to limit the site’s content, in most cases, to Web sites that are maintained or operated by federal agencies. Although the Financial Literacy Act allowed links to nonfederal sites if the sites have no commercial content, the Web site subcommittee decided it wanted to ensure the integrity of the site by limiting it to information offered by federal agencies.<sup>17</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.<sup>18</sup> A

---

<sup>16</sup>The topic areas are Budgeting and Taxes; Credit; Financial Planning; Home Ownership; Kids; Paying for Education; Privacy, Fraud & Scams; Responding To Life Events; Retirement Planning; Saving and Investing; Starting a Small Business; and Financial Education Grants.

<sup>17</sup>An exception was made for certain financial education sites maintained by colleges and universities affiliated with the U.S. Department of Agriculture’s Cooperative State Research Education and Extension Service, as well as sites affiliated with the Federal Reserve Board.

<sup>18</sup>20 U.S.C. § 9703(b)(2)(C).

---

section on federal financial education grants was added to the site in October 2006, which includes links to four grant programs.<sup>19</sup>

### Use of the Web Site Is Growing

From its inception in October 2004 through September 2006, the My Money Web site has received approximately 1,041,000 visits.<sup>20</sup> The site received an average of 35,000 visits per month during the first 6 months after its introduction in October 2004. As shown in figure 1, use of the site has increased since that time, reaching a peak of 78,000 visits in April 2006, when the Commission and the Web site received publicity associated with the release of the national strategy. From May through September 2006, the site averaged about 57,000 visits per month. GSA tracks and the Commission reports monthly performance metrics, including the number of Web page views for both the English and Spanish versions of the Web site and the number of downloads of the national strategy. However, the Commission has not formulated specific goals or performance measures for the Web site.

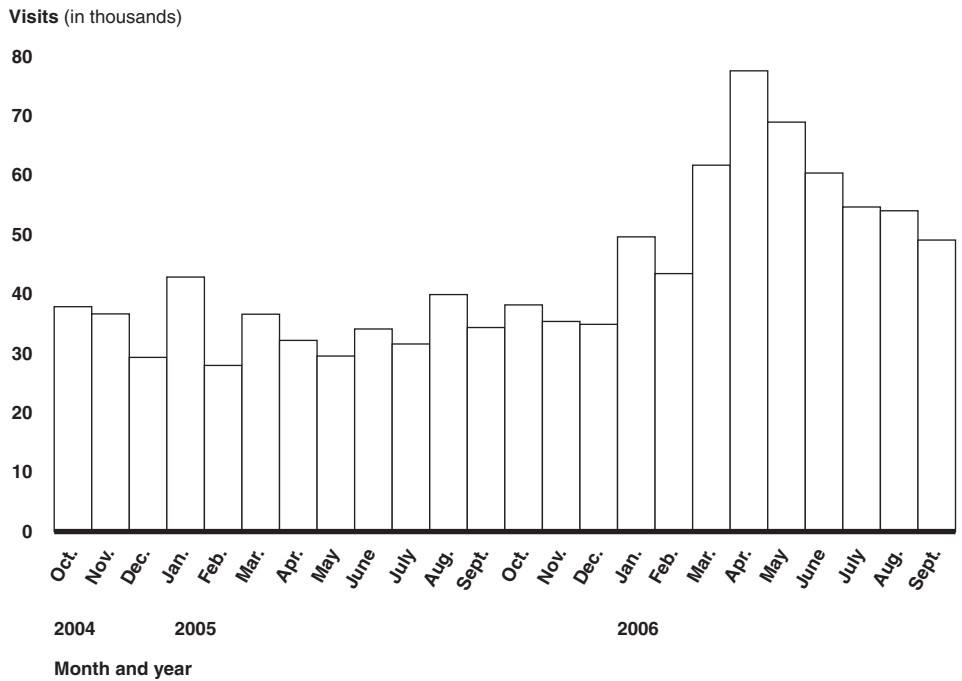
---

<sup>19</sup>The four federal grant programs cited on the Web site as of October 2006 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>20</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.



**Figure 1: My Money Web Site Usage, Fiscal Years 2005-2006**



Source: GSA.

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. 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.<sup>21</sup>

<sup>21</sup>The Employee Benefit Research Institute’s Choose to Save Web site ([www.choosetosave.org](http://www.choosetosave.org)) was introduced in 1997. The American Institute of Certified Public Accountants launched its 360 Degrees of Financial Literacy Web site ([www.360financialliteracy.org](http://www.360financialliteracy.org)) in October 2004, and the National Endowment for Financial Education launched its Smart about Money Web site ([www.smartaboutmoney.org](http://www.smartaboutmoney.org)) in September 2005. We used equivalent definitions of “visits” for all of these sites. Data on the number of visits to these sites were provided by the organizations that sponsored them; we did not independently verify these data.

---

The number of visits to other federal sites that serve as cross-agency portals varies. Kids.gov, a gateway to federal sites for children, received about 1.9 million visits during fiscal year 2006. Consumeraction.gov, which serves as a portal for consumers seeking advice and information on how to solve consumer problems, received 1.3 million visits during the same period. While the purposes of these portals differ from the My Money Web site, they give some measure of the volume of usage by federal portals. Some representatives of financial literacy organizations we spoke with said that the Commission should do more to promote public awareness of the Web site. Commission representatives noted that the Commission has taken several steps to promote the site. For example, in April 2006, the Treasury Department and GSA funded a promotional effort that printed the My Money Web site address on envelopes containing federal benefits and tax refunds. The Commission has also encouraged attendees at its public meetings to link to the site, and the site invites visitors to copy and paste a specially designed logo as a means to link to the site.

The Commission Has Not Yet Tested Web Site for Usability or Measured Customer Satisfaction

The Web site subcommittee has not yet conducted usability tests or measured customer satisfaction—steps recommended as best practices for federal agency public Web sites—for the My Money Web site. Representatives of GSA, which operates the site, acknowledge that these steps are standard best practices that would be useful in improving the site. However, they said they had not yet been done due to competing priorities and a lack of funding and that there are no plans to conduct these steps in the near future.<sup>22</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 are able to find the information they are looking for efficiently and effectively.

The federal government’s Web Managers Advisory Council provides guidance to help federal Web managers implement recommendations and

---

<sup>22</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.

---

best practices for their federal sites.<sup>23</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. Usability testing typically involves having users perform a variety of tasks with a prototype Web site while observers record notes on what each user does and says. Testing may include collecting data on how users do tasks, what kinds of errors they make, when and where they are confused or frustrated, how fast they do a task, whether they succeed in doing it, and how satisfied they are with the experience. Measuring customer satisfaction provides an indication of whether consumers find a Web site useful, may return to the site, and may recommend the site to others. According to the council, organizations can measure customer satisfaction through online surveys, e-mail feedback, phone calls, letters, and other contacts with the public, such as focus groups.<sup>24</sup>

The Web Managers Advisory Council also recommends that federal Web sites have a page entitled “Contact Us,” or something similar, that provides visitors with the organization’s mailing and e-mail addresses so that they can ask questions, get information, or report problems. The Commission added an “E-mail Us” link to the site in October 2006, 2 years after its launch, but the link is for addressing “technical issues.” Commission representatives told us they are still in the process of identifying an appropriate point of contact for the Web site that would be needed to effectively respond to consumers’ questions and concerns. A Treasury Department official noted that visitors can contact individual federal agencies, whose Web sites are provided on the My Money Web site.

---

## Telephone Hotline Offers Consumers Free Tool Kit

The Financial Literacy Act required that the Commission establish a toll-free telephone number for members of the public seeking information related to financial literacy.<sup>25</sup> In January 2004, the Commission created a

---

<sup>23</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>24</sup>Many federal agencies and organizations in the private sector use the American Customer Satisfaction Index online survey to measure customer satisfaction with their Web sites. According to a GSA official, it costs federal agencies about \$25,000 a year to participate in the survey.

<sup>25</sup>20 U.S.C. § 9703(c).

---

Tool Kit Is a Collection of  
Publications from Multiple  
Agencies

---

hotline subcommittee of five member agencies and chaired by the FDIC.<sup>26</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- 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"—that is, a collection of pamphlets and booklets from various federal agencies on topics such as saving and investing, deposit insurance, and Social Security. As shown in table 2, as of April 2006, the tool kit consisted of eight publications provided by six federal agencies. The tool kit is available in English- and Spanish-language versions, and consumers can order it via the My Money Web site or the hotline. Representatives of the hotline subcommittee told us that initially they had planned to expand the scope of the hotline—for example, by providing information and referrals. However, funding was not available for the additional training that providing these services would have required.

---

<sup>26</sup>Other members of the hotline subcommittee include the Department of the Treasury, Department of Health and Human Services, GSA, and the Office of Thrift Supervision.

---

**Table 2: Contents of My Money Tool Kit as of April 2006**

<b>Agency</b>	<b>Title of publication</b>	<b>Description</b>
Commodity Futures Trading Commission	<i>Foreign Currency Fraud</i>	One-page brochure offering consumers advice on how to avoid foreign currency market fraud.
Department of Labor	<i>Savings Fitness: A Guide to Your Money and Your Financial Future</i>	Twenty-nine-page booklet on creating a personal savings plan and preparing for retirement.
FDIC	<i>Insuring Your Deposits</i>	One-page brochure explaining FDIC deposit insurance.
	<i>Money Smart: An Adult Education Program</i>	One-page brochure explaining "Money Smart," an FDIC training program designed to help adults outside the financial mainstream enhance their money skills.
GSA	<i>Consumer Information Catalog</i>	Sixteen-page booklet listing free and low-cost government publications covering a variety of topics, including financial topics.
Securities and Exchange Commission	<i>Get the Facts on Saving and Investing</i>	Thirty-two-page booklet covering the basics of saving and investing.
	<i>Ask Questions: Questions You Should Ask About Your Investments</i>	One-page brochure on buying and monitoring investment products.
Social Security Administration	<i>Social Security: Understanding the Benefits</i>	Twenty-one-page booklet explaining the basics of the Social Security retirement, disability, and survivors insurance programs.

Source: GAO.

Note: Most publications are available in both English and Spanish. The contents of the tool kit have changed over time subject to the availability of publications supplied by agencies.

According to GSA officials, agencies that currently contribute materials to the tool kit have signed a memorandum of understanding outlining how expenses are to be shared. Each agency pays for the production and distribution costs of the publications it provides to the tool kit. GSA's Federal Citizen Information Center distributes publications on behalf of agencies from the Government Printing Office facility in Pueblo, Colorado, and agencies reimburse GSA for all costs associated with order receipt, processing, and mailing. According to GSA, as of September 30, 2006, agencies incurred approximately \$688,000 in costs for having GSA distribute publications in the tool kit. According to representatives of the hotline subcommittee, other Commission agencies were invited to provide publications for the tool kit, but they declined to participate. Representatives of some Commission member agencies told us that they

---

## Telephone Hotline's Call Volume Has Been Limited

lacked the funds to provide publications for the tool kit or that their limited resources for financial education efforts would be better spent elsewhere. As a result, the tool kit does not currently include publications on certain major financial issues, such as homeownership and credit.

The volume of calls to the My Money telephone hotline has been limited—453 calls in September 2006 and an average of about 200 calls per month between February 2005 and February 2006. This call volume is considerably lower than other federal toll-free hotlines used for ordering publications that GSA's Federal Citizen Information Center supports. For example, according to GSA, in fiscal year 2006, the Federal Citizen Information Center's hotline for ordering printed information from the Government Printing Office facility in Pueblo, Colorado (1-888-8-Pueblo), and the Department of the Interior's Fish and Wildlife Service hotline for requesting publications and handling general information about the agency's programs and services (1-800-344-WILD) received, respectively, an average of about 16,500 and 3,600 calls per month in fiscal year 2006.<sup>27</sup> While the purposes of these hotlines differ from the My Money hotline, and they have been in existence longer, they give some measure of the volume of usage of federal toll-free hotlines used for requesting publications. As shown in figure 2, calls to the My Money hotline generally declined from its inception in October 2004 through February 2006. Calls spiked markedly in April 2006 because of a marketing effort that month that put the hotline's telephone number on millions of envelopes containing federal tax refund and government benefit checks. However, GSA representatives told us that the overwhelming majority of consumers who called the hotline during that period did not order a tool kit; instead they had called because they erroneously believed the hotline operator could answer inquiries about the checks they had received. Figure 2 shows that call volume has decreased from a peak of about 15,000 calls in April 2006 to 453 calls in September 2006. According to a GSA official, a hotline's call volume depends largely on the promotional efforts associated with it.

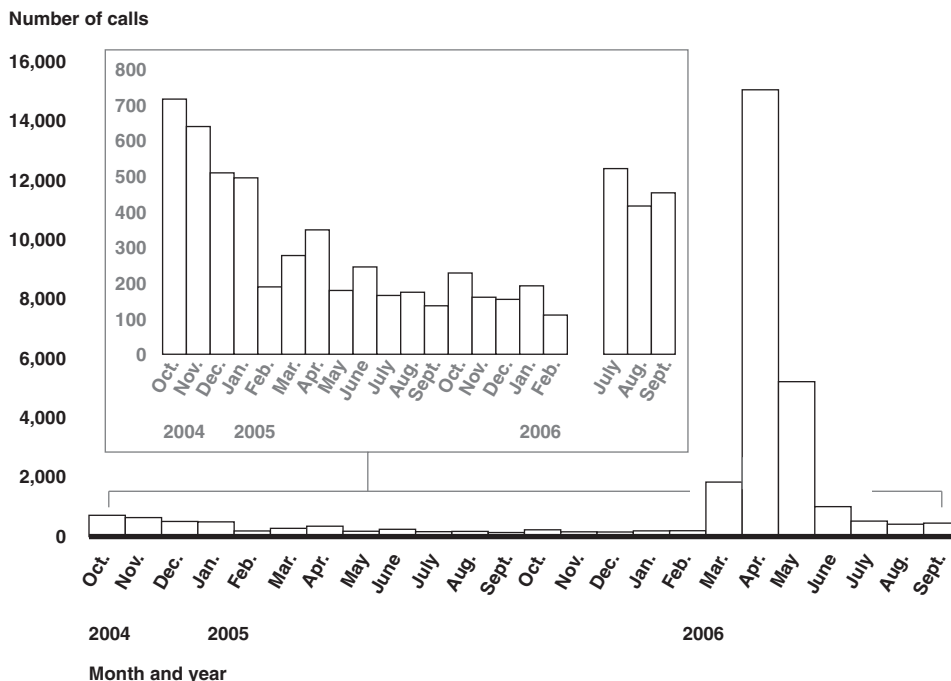
Some representatives of the Commission commented that call volume to the hotline has been low and attributed this to limited promotion of the hotline. A Treasury Department representative noted that, as with the Web site, the Commission had taken several steps to promote the hotline. These have included printing the hotline's telephone number on envelopes

---

<sup>27</sup>According to GSA, data on call volume include calls serviced by a live agent or handled by automation but do not include calls that were abandoned.

containing federal benefits and tax refunds, and publicizing the hotline at public meetings and other financial literacy events across the country.

**Figure 2: My Money Hotline Call Volume, Fiscal Years 2005-2006**



Source: GAO analysis of GSA data.

Note: Our analysis of the number of calls to the My Money hotline is based on reports provided by the private contractor that operates the hotline’s call center and includes calls received by automation, calls abandoned, and calls received by operators, in both English and Spanish. Of those calls received by an operator, about 12 percent were conducted in Spanish. Data were not available on the percentage of calls received by automation that were conducted in Spanish.

Consumers ordered many more tool kits from the My Money Web site than they did through the hotline. About 93 percent of the approximately 107,000 tool kit orders in fiscal years 2005 and 2006 were submitted through the Web site, with the remainder submitted through the hotline.<sup>28</sup> Spanish-language tool kits represented about 3 percent of the total number, and about 30 percent of them were ordered through the hotline. Representatives of a Hispanic advocacy organization told us that the

<sup>28</sup>Because a consumer may request up to three tool kits when submitting an order, the number of tool kit orders does not equal the number of tool kits distributed.

---

hotline might be an important venue for Hispanic consumers because many of them lack access to the Internet. The overall number of tool kit orders has been declining slightly over the past year, falling from about 60,000 in fiscal year 2005 to 47,000 in fiscal year 2006. This decline may be in part the result of the limited publicity the tool kit has received. GSA sometimes partners with media outlets, such as *Parade Magazine*, to promote federal consumer publications. However, GSA officials said that they have not heavily promoted the My Money tool kit because budget considerations at the agencies providing publications have limited the supply of tool kits available.

---

## Credit Literacy Campaign to Target Young Adults

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>29</sup> The act also required the Treasury Department to develop measures to evaluate the campaign's effectiveness. The act authorized to be appropriated \$3 million for the development, production, and distribution of the campaign for fiscal years 2004, 2005, and 2006. The conference report accompanying the fiscal year 2005 appropriation for the Treasury Department's Departmental Offices, Salaries, and Expenses account specified that \$1 million should be used to promote basic financial literacy and education.<sup>30</sup> The department allocated \$750,000 of this to support the multimedia campaign conducted as part of the national strategy.

The department chose to focus the multimedia campaign on credit literacy among young adults. Treasury representatives told us that they chose this topic based on feedback received from the sector-specific meetings and because credit literacy is an essential part of overall financial literacy. Further, they noted that the act that created the Commission was a component of the Fair and Accurate Credit Transactions Act, which addresses credit issues. The focus on young adults was due, in part, to findings of a survey we conducted that found that younger consumers

---

<sup>29</sup>20 U.S.C. § 9707.

<sup>30</sup>H.R. Conf. Rep. No. 108-792, at 1443 (2004). The conference report stated that it retains the Senate provision specifying "\$1,000,000 to promote basic financial literacy and education." More specifically, the Senate Committee on Appropriations, in S. Rep. No. 108-342, 126 (2004), specified "\$1,000,000 to be used for the development and implementation of the national strategy to promote basic financial literacy and education among all American consumers."



---

were significantly less knowledgeable about credit reporting issues.<sup>31</sup> The department has 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>32</sup> The campaign is currently in the development stages, and Advertising Council representatives said that they expected to distribute it to media outlets by the spring of 2007. The campaign will also promote the My Money Web site and hotline. The Advertising Council said that it expects to use standard tools to evaluate the campaign’s impact. These include measuring the dollar value of the media resources donated to the campaign, surveying consumers’ attitudes and behaviors before and after its implementation, and monitoring the use of the Web site and hotline.

---

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

The Commission has helped coordinate federal financial literacy efforts by, among other things, bringing together federal agencies on a regular basis and centralizing information from multiple federal agencies through its Web site and hotline. Further, its national strategy discusses the need for coordination among federal agencies, and several of the calls to action involve interagency efforts. However, the Commission has sometimes had difficulty reaching consensus among its 20 participating federal agencies, which have different missions and perspectives. Moreover, the Commission’s own staff and funding resources are relatively small, and it has no legal authority to require agencies to redirect their resources or take other actions. Steps to promote public-private and private-private partnerships have included sponsoring or facilitating conferences and symposiums, but the impact of these actions is unclear, and the Commission has not been as active in working with state and local governments.

---

## Coordinating Multiple Federal Agencies Has Been Challenging

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 among these activities. Treasury Department and member agency representatives, as well as

---

<sup>31</sup>GAO-05-223.

<sup>32</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.

---

Commission documents, have cited a number of the Commission's activities as having helped coordinate financial literacy efforts within the federal government, such as the following:

- *Formal and informal meetings.* The Commission created a single focal point for federal agencies to come together on the issue of financial literacy and education. Some representatives noted that the Commission's meetings—including formal public, working group, and subcommittee meetings—have helped foster interagency communication and information sharing that had previously been lacking.
- *Web site.* As we have seen, the My Money Web site, developed through an interagency subcommittee, serves as a single portal for federal financial literacy and education resources. The Web site centralizes all Web-based federal financial education resources, making it easier for consumers to find this information.
- *Hotline and tool kit.* The My Money hotline allows consumers, particularly those who do not use the Internet, to access printed financial literacy materials from multiple federal agencies.
- *National strategy.* The national strategy includes a chapter on federal interagency coordination that outlines steps the Commission has taken and discusses the FDIC's Money Smart education program, which multiple federal agencies have used. Several of the strategy's calls to action involve interagency efforts, including joint conferences and other initiatives.

In addition, 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. It noted that even when different agencies' programs appeared similar, closer inspection revealed important differences in things like the target audience, delivery platform, or specific content. As a result, the Commission did not propose the elimination of any federal activities. The national strategy includes a call to action that the Treasury Department and GSA will conduct a similar survey of overlap and duplication every 6 months.

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. The Commission reported that each agency deemed its

---

programs and resources to be effective and worthy of continuance. However, rather than using an unbiased evaluator, the agencies assessed their own programs, which did not benefit from the use of independent third-party analysis. Moreover, given the large number of federal agencies involved in financial literacy, a concerted effort to streamline federal efforts is essential. As we have reported, in 2004, about 20 different federal agencies operated about 30 different programs or initiatives related to financial literacy. The federal government's effort in this area could potentially benefit by focusing federal financial literacy resources on those agencies with the most expertise and best track records.<sup>33</sup>

The Commission has faced several challenges in coordinating the efforts of the 20 federal agencies that form the Commission. In prior work, we have identified barriers to coordinating programs and initiatives across the federal government, including competing missions, concerns about protecting resources, and a lack of clearly articulated roles and responsibilities.<sup>34</sup> These barriers may have affected the Commission's efforts to coordinate federal programs. 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. In addition, the agencies differ in their levels of responsibility and expertise with regard to financial literacy and education. A Treasury Department official stated that the extent to which senior policymakers from the Commission's member agencies were involved in activities and decision making varied. In addition, 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 also be constrained by its limited resources in terms of both staff and funding. Further, the Commission has no legal authority to compel an agency to take any action but instead must work through collaboration and consensus. According to Treasury Department representatives, early on, the Commission decided that decisions on major matters would require consensus, making efforts to

---

<sup>33</sup> [GAO-05-93SP](#), p. 8.

<sup>34</sup> GAO, *Managing for Results: Barriers to Interagency Coordination*, [GAO/GGD-00-106](#) (Washington, D.C.: Mar. 29, 2000), and GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

---

coordinate agencies' efforts more challenging. For example, as discussed earlier, the agencies disagreed about whether nonfederal organizations should be cited by name in the national strategy. Although the issue was ultimately resolved, the dispute contributed to the 10-month delay in the release of the strategy. Given these various constraints, a Treasury Department 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.

---

### The Commission Has Taken Steps to Promote Partnerships, but the Impact of These Efforts Is Unclear

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>35</sup> The Financial Literacy Act charged the Commission with promoting partnerships between federal agencies and state and local governments, nonprofit organizations, and private enterprises. Treasury Department officials have cited several steps the Commission has taken to promote such partnerships:

- *National strategy.* The national strategy highlighted public-private and private-private partnerships as one of the crucial areas that an effective national strategy must encompass. Treasury Department representatives noted that several of the strategy's calls to action sought to promote partnerships by bringing together the public and private sectors at both the local and national levels. For example, one call to action stated that the Treasury and Education departments would host a summit, scheduled for December 2006, on integrating financial education into the core school curriculum, while another described a symposium of academic researchers specializing in financial education that is to be convened by the end of September 2007 by the Treasury and Agriculture departments.
- *Community outreach and events.* Since January 2004, Treasury Department representatives said they had traveled to 40 states, the District of Columbia, and Puerto Rico to conduct or participate in financial literacy activities such as panel discussions, public speeches, and press conferences that served to promote partnerships in various communities.

---

<sup>35</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.

---

Venues included classrooms, community centers, and military bases, and audiences included groups of community and business leaders, credit counselors, and youth educators. In coordination with other Commission members, the department's Office of Financial Education led a series of events across eight cities in April 2006 to promote the national strategy among different constituencies. For example, a Treasury Department official delivered remarks on the strategy at a California summit on financial literacy.

- *Public meetings.* The Commission's six sector-specific public meetings were designed to gather input and foster communication among various stakeholders from the private, nonprofit, academic, and public sectors. Summaries of these meetings were published and Treasury Department representatives said that they have played a role in influencing the direction of the Commission's work. In addition, the Commission's formal public meetings have included guest speakers from the nonprofit and private sectors.

In general, the private and nonprofit financial literacy organizations we spoke with said that these steps had been useful, but that, overall, their relationships with federal agencies and other entities have changed little as a result of the Commission. Some organizations noted that they had the opportunity to attend the Commission's public meetings and other events, but felt that the Commission has offered little follow-up on how to foster continued partnerships. 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. For example, representatives of the American Institute of Certified Public Accountants told us that it has more than 340,000 members nationwide and that the Commission would benefit from leveraging grassroots resources such as this to a greater degree. Similarly, representatives of the North American Securities Administrators Association suggested the Commission do more to tap into that organization's extensive network of state agencies.

Although the Financial Literacy Act required the Commission to take steps to help promote partnerships and coordination at the state and local level, some stakeholders told us the Commission had done relatively little to involve state and local governments. The national strategy does not include a significant discussion on coordinating federal efforts with those of state and local governments, and only some state and local government initiatives are included as illustrative examples. Some stakeholders we

---

spoke with suggested a variety of ways that the Commission might better involve state and local governments, such as meeting more often with state employees who deal with financial literacy issues. 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.

---

## Conclusions

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, the number and complexity of financial products have grown tremendously, and consumers face an increasing array of options for managing their personal finances. In addition, technological advances have increased the capacity for targeted marketing to consumers, which may increase some consumers' vulnerability to fraudulent financial products. Further, 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 in recent decades, and household debt hovers at record high levels. Financial education efforts aimed at such things as boosting the national saving rate are key to helping improve our citizens' economic security and our country's economic growth.

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. Its national strategy is a useful first step in highlighting key issues and surveying the landscape of existing financial literacy efforts. The Commission was also successful in rolling out the My Money Web site and telephone hotline in a relatively short time. 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.

---

The lack of specific recommendations on roles, funding, and activities in the national strategy may stem in part from the challenge of reaching consensus among multiple agencies, each of which has its own set of interests, resources, and constituencies. Moreover, the Commission is constrained by its own resources—with the equivalent of fewer than three full-time staff, there are limits to what the Commission, as an entity unto itself, can be expected to do. Ultimately, the effectiveness of the Commission will depend on the commitment and collaboration of the 20 individual federal agencies that comprise it.

The national strategy represents an evolving effort, as the law requires that it be reviewed and modified, as deemed necessary, at least once a year. Future iterations of the strategy could be improved by modifying it to serve as more of a functional “strategy”—a plan of action intended to achieve specifically stated goals—and by including several additional elements desirable in any national strategy that we found to be only partially addressed. Because the strategy does not set clear and specific goals, benchmarks, or other evaluation mechanisms, it does not hold the Commission and its member agencies accountable or provide overall indicators of the nation’s progress in improving financial literacy. Moreover, the Commission’s work could be more complete if consideration were given to developing a concrete definition for financial literacy and education to help define the scope of the Commission’s work. In addition, because the strategy does not include a clear description of the resources needed to achieve these goals, policymakers lack information that would be helpful in allocating resources and directing implementation of the strategy. Finally, the lack of a detailed discussion of suggested roles and responsibilities hinders the ability to conduct a coordinated and productive national effort. As a result of these factors, the strategy is likely to play a limited role in meaningfully improving the nation’s financial literacy.

The My Money Web site and telephone hotline offer consumers access to a variety of federal financial literacy resources in a single place. However, without conducting usability tests and formally measuring customer satisfaction, the Commission and others cannot determine whether the Web site is meeting its intended purpose or make improvements that would encourage more consumers to use it.

The Financial Literacy Act required the Commission to identify areas of overlap and duplication among federal financial literacy activities and evaluate the effectiveness of federal financial literacy materials. However, rather than using an independent evaluator, the Commission made a

---

determination on its own of the extent of overlap and duplication, and it asked agencies to assess their own programs. The process thus lacked the benefit of assessment by a disinterested party. The Commission could benefit from conducting a more independent review of duplication and overlap, and from an evaluation of federal activities that does not rely solely on agencies' self-assessments.

Further, 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 helpful steps to promote partnerships, consisting mainly of outreach and publicity efforts, such as conducting speaking engagements and holding public meetings. As the Commission continues to implement the strategy, it should consider expanding its activities and work to develop mutually beneficial and lasting partnerships that will be sustainable over the long term.

---

## Recommendations for Executive Action

To help ensure that the National Strategy for Financial Literacy serves its goal of improving the nation's financial literacy and education, we recommend that the Secretary of the Treasury, in concert with other agency representatives of the Financial Literacy and Education Commission, incorporate into the national strategy the following elements:

- a concrete definition for financial literacy and education to help define the scope of the Commission's work;
- clear, specific goals and performance measures that would serve as indicators of the nation's progress in improving financial literacy and benchmarks for what the Commission sets out to achieve;
- actions needed to accomplish these goals, so that the strategy serves as a true implementation plan;
- a description of the resources required, which would help provide policymakers information on allocating resources and directing implementation of the strategy; and
- a discussion of appropriate roles and responsibilities for federal agencies and others, to help promote a coordinated and efficient effort.



---

To ensure that the My Money Web site best serves consumers seeking financial education, we recommend that the Secretary of the Treasury and other representatives of the Commission provide for its Web site subcommittee to take the following actions:

- conduct usability testing to measure the quality of users' experiences with the Commission's Web site; and
- measure customer satisfaction with the site, using whatever tools deemed appropriate, such as online surveys, focus groups, and e-mail feedback forms.

To help ensure the efficient use of federal resources, we recommend 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.

To encourage effective and efficient use of scarce human and financial resources, we recommend that the Secretary of the Treasury, in concert with other representatives of the Commission, consider ways to expand upon current efforts to cultivate sustainable partnerships with nonprofit and private entities. As part of these efforts, the Commission should 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. The Commission should also explore additional ways that the federal government might encourage and facilitate the efforts of state and local governments to improve financial literacy.

---

## Agency Comments and Our Evaluation

We provided a draft of this report to the Treasury Department, in its capacity as chair of the Commission, for comment. The department provided a written response, which is reprinted in appendix III, and technical comments, which we incorporated as appropriate. In its response, the department 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 Commission

---

members that should be responsible for each task. We acknowledge that the national strategy represents an early effort but continue to believe that future iterations of the strategy would benefit from inclusion of the characteristics cited in our report. The department also said that it will consult further with the Commission on developing definitions of “financial literacy” and “financial education.”

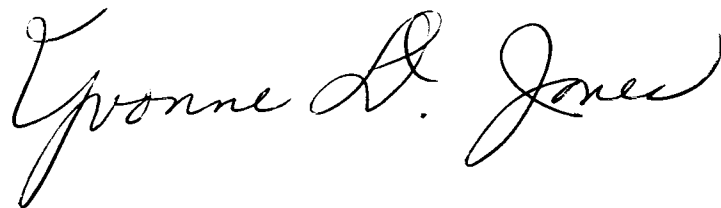
In addition, the department said that the My Money Web site and hotline represent one of the Commission’s earliest successes and that these resources continue to be enhanced. The department said that it will ask the Commission to consider a usability study and a customer satisfaction survey of the Web site. Further, the department said it believes that the Commission is satisfying the statutory requirement to identify potential overlap and duplication through the survey of agencies it does in conjunction with GSA. The department acknowledged that the Commission’s review of the effectiveness of federal financial literacy materials may lack independence and said it will work with the Commission to consider other alternatives for this process. In addition, the department noted that it has a long history of partnerships with nonfederal entities and will consult with the Commission about how to work more closely with the types of organizations described in our report.

---

We are sending copies of this report to the Secretary of the Treasury, interested congressional committees, and to the heads of the other 19 agencies that are members of the Commission. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

---

If you or your staff have any questions concerning this report, please contact me 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 report. GAO staff who made major contributions are listed in appendix IV.

A handwritten signature in black ink that reads "Yvonne D. Jones". The signature is written in a cursive style with a large, stylized "Y" and "J".

Yvonne D. Jones  
Director, Financial Markets  
and Community Investment

---

# Appendix I: Scope and Methodology

---

Our reporting objectives were to review the Financial Literacy and Education Commission's (the Commission) (1) progress in developing an effective national strategy to promote financial literacy and education; (2) progress in implementing its Web site, telephone hotline, and multimedia campaign; and (3) steps to coordinate federal financial literacy efforts and promote partnerships among and between government, nonprofit, and commercial organizations.

To address all three objectives, we reviewed relevant provisions of the Financial Literacy and Education Improvement Act, which created the Commission and set out its requirements. We also reviewed and analyzed relevant documents, including the Strategy for Assuring Financial Empowerment, National Strategy for Financial Literacy, the strategy's Quick Reference Guide, and the Commission's meeting transcripts and planning documents. In addition, we interviewed officials at the Department of the Treasury's Office of Financial Education, which coordinates the Commission's work, as well as representatives of each of the 19 other federal agencies represented on the Commission—the Departments of Agriculture, Defense, Education, Health and Human Services, Housing and Urban Development, Labor, and Veterans Affairs; the Commodity Futures Trading Commission; Federal Deposit Insurance Corporation; Federal Reserve Board; Federal Trade Commission; General Services Administration; National Credit Union Administration; Office of the Comptroller of the Currency; Office of Personnel Management; Office of Thrift Supervision; Securities and Exchange Commission; Small Business Administration; and Social Security Administration. We also met with a range of financial literacy representatives and experts outside of the federal government to gather their views on the Commission's role and activities. These included representatives of nonprofit organizations, such as the Jump\$tart Coalition for Personal Financial Literacy and National Endowment for Financial Education; the private sector, such as Citigroup's Office of Financial Education and the American Institute of Certified Public Accountants; state and local governments, such as offices of financial education in Pennsylvania and Wisconsin; advocacy organizations, such as the National Council of La Raza; and an academic expert in the field of financial literacy.

To review the Commission's progress in developing an effective national strategy to promote financial literacy and education, we analyzed the national strategy and gathered feedback on it from the stakeholders described above. We also reviewed public comments on the national strategy submitted to the Treasury Department, notes from meetings of the national strategy working group, and summaries of six sector-specific

public meetings held by the Commission. We assessed the strategy, in part, by benchmarking it against our prior work that has identified the general characteristics of an effective national strategy.<sup>1</sup> Our recommended characteristics for national strategies were developed by reviewing several sources of information, which included the Government Performance and Results Act of 1993; legislative and executive branch guidance for national strategies; general literature on strategic planning and performance; and our prior work on issues related to planning, integration, implementation, and other related subjects. To assess whether the National Strategy for Financial Literacy contained these desirable characteristics, two analysts independently assessed the strategy against each element of a characteristic. If the analysts did not agree, their supervisor rated the element, and all ratings were used to determine the final rating for that element. We gave each of the six characteristics a rating of either “generally addresses,” “partially addresses,” or “does not address.” According to our methodology, a strategy “generally addresses” a characteristic when more than half of the elements of the characteristic are addressed. Within our designation of “partially addresses” is any characteristic where at least one element was judged to be partially addressed. A strategy “does not address” a characteristic when it does not explicitly cite or discuss any parts of the elements of that characteristic or any implicit references are either too vague or general to be useful.

To review the Commission’s progress in implementing its Web site and telephone hotline, we interviewed representatives of the General Services Administration (GSA), which operates these resources, and members of the Commission’s Web site and hotline subcommittees. We also asked financial literacy stakeholders outside of the federal government for their assessment of these resources. In addition, we gathered and reviewed meeting minutes and planning documents of the Commission’s Web site and hotline subcommittees. We visited the Web site (<http://www.mymoney.gov>) and systematically recorded, categorized, and analyzed its content and organization. We also called the Commission’s toll-free telephone hotline (1-888-696-6639) to order the free financial literacy tool kit and spoke to the hotline’s telephone agents. To identify best practices for U.S. government Web sites, we reviewed policies of the Office of Management and Budget for federal public Web sites, as well as recommended best practices and guidelines submitted to the office by the Interagency Committee on Government Information. We also visited the

---

<sup>1</sup>[GAO-04-408T](#).

Web Content Managers Advisory Council's Web site (<http://www.webcontent.gov>) and reviewed information on implementation guidance for commonly accepted best practices.

To determine the extent of public use of the Web site, hotline, and tool kit, we obtained and analyzed data from GSA on their usage since their inception in October 2004. To determine how public use of the Commission's Web site compared with similar cross-agency portals, we obtained and analyzed data from GSA on other Web sites hosted by its Federal Citizen Information Center. To provide a point of comparison for the usage of the Commission's Web site, we obtained and analyzed data on the usage of financial education Web sites offered by three private organizations—the Employee Benefit Research Institute, the American Institute of Certified Public Accountants, and the National Endowment for Financial Education. We compared the number of Web site “visits”—defined as all the activity of one visitor to a site within a specified period, usually 30 minutes—across these sites. We did not independently verify the data provided by these organizations. We did review the procedures for collecting the data and determined that these data were sufficiently reliable for the purposes of our report. To review the Department of the Treasury's progress in implementing its national public service multimedia campaign, we interviewed, and gathered documents from, representatives of the department's Office of Financial Education and representatives from the Advertising Council.

To review the Commission's steps to coordinate financial literacy efforts and promote partnerships, we examined our prior work that discussed recommended practices for collaboration and partnership between and among federal agencies and other entities.<sup>2</sup> We reviewed relevant sections of the national strategy and related reports, and discussed with representatives at the Treasury Department's Office of Financial Education the steps the Commission has taken to coordinate government efforts and promote partnerships. We also asked for an assessment on the Commission's progress in this area from representatives of the federal agencies serving on the Commission, as well as financial literacy experts and stakeholders in the nonprofit, private, academic, and state and local government sectors.

---

<sup>2</sup>For example, [GAO-06-15](#) and [GAO-05-93SP](#).

---

We conducted our work in the Washington, D.C., metropolitan area and Boston, Massachusetts, from January 2006 through November 2006 in accordance with generally accepted government auditing standards.

---

# Appendix II: Summary of Expenditures and Funding Sources for the Commission

---

The Financial Literacy and Education Improvement Act established the Financial Literacy and Education Commission. The act authorized to be appropriated such sums as may be necessary to carry out its provisions, including administrative expenses of the Commission. In addition, the act authorized to be appropriated to the Secretary of the Treasury \$3 million for fiscal years 2004, 2005, and 2006 to develop, produce, and distribute a pilot national public service multimedia campaign to enhance the state of financial literacy and education in the United States. The act also required the Treasury Department to provide assistance to the Commission upon request without reimbursement and authorizes any federal government employee to be detailed to the Commission, also without reimbursement.

In fiscal year 2005, Congress provided \$1 million to the Commission to develop and implement the national strategy for financial literacy. The Commission obligated \$958,790 of the total \$1 million provided to it, as shown in table 3. The Treasury Department advised us that it obligated \$750,000 of the \$958,790 to develop the mandated multimedia campaign. Congress did not provide any funds for the Commission in fiscal year 2006. However, as shown in table 4, for fiscal year 2006, the Treasury Department estimates that the Office of Financial Education allocated approximately \$350,291 to support the Commission, which included staff support of 2.5 staff years (full-time equivalent staff) and funds for printing, conferences, and travel. In addition, from April 2003 to August 2006, the Federal Deposit Insurance Corporation, GSA, and Department of Justice detailed seven staff members to the Commission for short-term periods, ranging from 2 months to 2 years each. However, most representatives of the Commission could not provide us with an estimate of the resources their agencies had devoted to the Commission, most of which consisted of in-kind staff assistance.



---

**Appendix II: Summary of Expenditures and  
Funding Sources for the Commission**

---

---

**Table 3: Treasury Department’s Expenditures under Budget Authority for  
Developing and Implementing a National Financial Literacy Strategy, Fiscal Year  
2005**

<b>Expenditure</b>	<b>Cost</b>
Multimedia campaign	\$750,000
Professional editors – national strategy	85,000
Spanish translators – national strategy	20,000
Design, printing, and distribution – national strategy	80,000
Printing “My Money” logo on government envelopes	16,680
Transcripts for six public meetings	7,110
<b>Total cost</b>	<b>\$958,790</b>

Source: Treasury Department’s Office of Financial Education.

---

**Table 4: Treasury Department’s Office of Financial Education’s Support to the  
Financial Literacy and Education Commission, Fiscal Year 2006**

<b>Type of support</b>	<b>Cost</b>
Staff support (approximately 2.5 FTEs)	\$236,000
Printing and graphics	98,000
Travel	6,811
Meetings and conference transcripts	9,480
<b>Total cost</b>	<b>\$350,291</b>

Source: Treasury Department’s Office of Financial Education.

---

# Appendix III: Comments from the Department of the Treasury

---



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

November 17, 2006

Ms. Yvonne Jones  
Director, Financial Markets and Community Investment  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Ms. Jones:

Thank you for providing the Department of the Treasury ("Treasury") an opportunity to review and comment on the Government Accountability Office's ("GAO") draft report assessing the effectiveness of the Financial Literacy and Education Commission (the "Commission") in promoting financial literacy. Through our Office of Financial Education, Treasury demonstrates its commitment to raising the financial literacy levels of all Americans, and we welcome the insights of GAO on how we can better accomplish this important mission. This letter addresses the following key areas of the draft report: the development of the national financial literacy strategy; the *My Money* website and toll-free hotline; and coordination efforts among the Commission members and partnerships with the public and private sectors.

### National Strategy

As outlined in Title V of the Fair and Accurate Credit Transactions (FACT) Act of 2003, Treasury's objective is to guide federal financial literacy efforts while coordinating existing government-wide initiatives. Consistent with GAO's recommendations, Treasury plans to consult further with the Commission on developing definitions of "financial literacy" and "financial education." As the first ever U.S. national financial literacy strategy, it is designed to be a blueprint that provides general direction while allowing diverse entities the flexibility to participate in enhancing financial education. The *National Strategy* was intended to raise public awareness of financial literacy, identify the key issues involved, and survey the landscape of current financial literacy efforts. The Commission plans to review the *National Strategy* annually and update it as necessary to reflect the current state of America's financial literacy.

Through the "calls to action" in the *National Strategy*, the Commission outlined specific steps for further development of our nation's financial education infrastructure. The Commission, by implementing its national strategy, seeks first to build a base of knowledge and a consensus among key players. Treasury anticipates that this process will assist the Commission in developing the best approaches for addressing a host of financial education issues. The "calls to action" set out specific financial literacy issues to be discussed (with some identifying specific deliverables), the conferences that should be convened, key constituencies to include in these conferences, and the Commission members that should be responsible for each task. Therefore, these "calls to action" are appropriately substantive and concrete for the latest financial education efforts in the United States.

---

**Appendix III: Comments from the Department  
of the Treasury**

---

My Money Website and Hotline

One of the Commission's earliest successes was the launch of a central web site, MyMoney.gov, and a toll-free hotline, 1-888-My Money, for federal government materials in just nine months after the group's first meeting. Through the active efforts of two Commission sub-committees, we have significantly enhanced these resources. Treasury will continue to work with the Commission to make the website and toll-free hotline more effective in general. Consistent with GAO's recommendations, Treasury will ask the Commission to consider a usability study as well as a consumer satisfaction survey.

Coordination Efforts

Coordinating among the 20 federal agencies and bureaus of the Commission is critical. Specifically, Title V of the FACT Act requires that the Commission identify any overlap and duplication of federal financial literacy efforts. Treasury believes that the Commission is satisfying this requirement by requiring the General Services Administration along with Treasury to regularly survey agencies to identify potential overlap or duplication of efforts in the federal government. Also, Title V requires that materials created by Commission members be reviewed for effectiveness. Presently, each agency reviews its own materials. The GAO report has noted that this review process lacks independence from the Commission. Treasury acknowledges this issue and will work with the Commission to consider other alternatives for the process going forward.

Further, the GAO report recommends that the Commission work closely with private entities, and state and local governments to improve financial literacy. Treasury has a long history of partnerships with non-profit and for-profit organizations as well as state and local governments. This ongoing commitment to establishing and enhancing financial literacy and education partnerships has been strengthened since the creation of the Commission. Treasury will consult with the Commission about how to work more closely with the types of organizations described in the report.

GAO's review of the Commission's *National Strategy* will be considered carefully by Treasury in coordination with the other Commission members as we move forward in the implementation and future reviews of the strategy. I especially want to recognize the financial literacy efforts of the other Commission members. The efforts of each agency are an integral part of the Commission's charge to improve financial literacy. Treasury is strongly committed to guiding the coordination efforts of this important Commission.

The views expressed in this letter have not been reviewed or approved by the other Commission members.

Sincerely,



Dan Iannicola, Jr.  
Deputy Assistant Secretary  
Office of Financial Education

---

# Appendix IV: GAO Contact and Staff Acknowledgments

---

## GAO Contact

Yvonne D. Jones, (202) 512-8678, or [jonesy@gao.gov](mailto:jonesy@gao.gov)

---

## Staff Acknowledgments

In addition to the individual named above, Jason Bromberg, Assistant Director; Nima Patel Edwards; Eric E. Petersen; William R. Chatlos; Amanda J. Elkin; Emily R. Chalmers; and Linda Rego made key contributions to this report.

---

---

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ([www.gao.gov](http://www.gao.gov)). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to [www.gao.gov](http://www.gao.gov) and select "Subscribe to Updates."

---

## Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office  
441 G Street NW, Room LM  
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000  
TDD: (202) 512-2537  
Fax: (202) 512-6061

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm)

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Gloria Jarmon, Managing Director, [JarmonG@gao.gov](mailto:JarmonG@gao.gov) (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, D.C. 20548

---

## Public Affairs

Paul Anderson, Managing Director, [AndersonP1@gao.gov](mailto:AndersonP1@gao.gov) (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, D.C. 20548