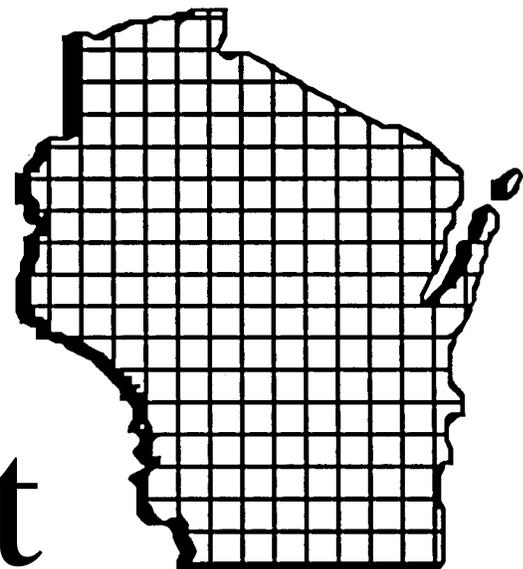


Wisconsin

Policy
Research
Institute

Report



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**Wisconsin's
Public Schools
*An Economics-
Free Zone***

REPORT FROM THE PRESIDENT:

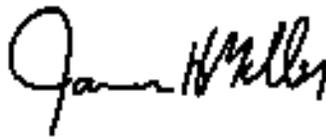
In the twenty-first century it is an alarming trend that a large percent of Wisconsin students have an almost remedial-level knowledge of American economic and financial institutions. This is one of the startling conclusions from a study of Wisconsin public education. The authors of this report are Professor Mark C. Schug, the Director of the UW-Milwaukee Center for Economic Education and Dr. Richard D. Western, Senior Research Fellow at the Institute and a retired associate professor from the UW-Milwaukee Department of Curriculum and Instruction.

Their research is a careful examination of how economic and financial education is presented in the K-12 programs in Wisconsin's public schools. The results are not encouraging. Students in Wisconsin are twice as likely to take band over economics. Almost one of two students in our state does not have a basic economic understanding of the private sector. This study points to the enormous structural changes that will be needed to turn this problem around.

There are practical reasons why, in our schools, we must become more vigilant about imparting knowledge of the American economic system. Young people can make major financial mistakes early in life, starting with credit card debt. As they move into college, they can exacerbate their problems by incurring huge amounts of higher education debt. Many students do not understand the long-term ramifications of these debt loads.

For poor people in Wisconsin the need is even more acute. In Wisconsin's new welfare reform program, W-2, one of the core economic ingredients is the Earned Income Tax Credit. Yet many poor people have little familiarity with the American financial or tax system. There are thousands of Wisconsin residents who lose income because they don't understand the Earned Income Tax Credit.

Economic and financial education supplies practical information that educated citizens need to have. Everyone, including children, in this state and country needs the financial tools to make productive contributions to American society. Teaching these vital concepts should begin as early as kindergarten. Economic education needs to become a major part of educational standards in the state of Wisconsin. It is not a political issue; it is a common sense policy. Empowering students to fit in America's economic system benefits everyone.



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WISCONSIN'S PUBLIC SCHOOLS AN ECONOMICS-FREE ZONE

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EXECUTIVE SUMMARY

For academic, civic, and practical reasons, one might expect to find a strong emphasis on economic and financial education in the K-12 programs of Wisconsin's public schools. Survey evidence shows that young people and adults generally know little about economics and personal finance, and that weak knowledge in these areas is associated with poor performance on various measures of financial management. Appropriate economic and financial education would enable young people to understand the market system within which the American economy operates. It would help prepare them to make informed decisions, as citizens, about policy issues related to markets. And it would help prepare them to make informed decisions about savings, spending, credit management, investment, and other matters related to personal financial management. Improved understanding of these topics would benefit individuals; at the same time it would serve the public's interest in reducing costs associated with the debilitating problems individuals often face when they struggle unsuccessfully with financial problems.

But despite the important interests at stake for the public and for individuals, economic and financial education get short shrift in Wisconsin's system of public education. They are areas of study scarcely mentioned in state law, weakly represented in state regulations, overshadowed in practice by educators' attachment to the study of government, shunned by teachers in training, and entrusted primarily to social studies teachers who most likely know little about either area and regard market systems generally with ambivalence or suspicion.

- State law regarding goals for school districts specifies some goals in considerable detail while leaving others unmentioned or vaguely implied. No goals in economics or financial education are explicitly identified, making this domain of learning less prominent in state law than, for example, education about government, highway safety, or youth suicide.
- Regulations promulgated by the Department of Public Instruction (DPI) specify content explicitly and in considerable detail for several areas of study (environmental education, for example), while giving scant attention to economics and financial education.
- Regulations governing Wisconsin's Education for Employment program refer briefly to practical applications of economics as a subcategory of instruction about career planning. The regulations do not identify any concepts or principles of economics for which teachers should find practical applications, nor do they describe any curricular framework within which school districts should include such instruction.
- Wisconsin's Model Academic Standards include no content related to financial education. The Standards for Social Studies identify economics as one of five areas of study, but the effect of this inclusion has to date been slight. Economics content standards ranked dead last in a DPI priority listing of Social Studies standards to be addressed in the (now abandoned) high school graduation test. High school course-taking data show that in 2000-2001, four years after the development of the Standards, only about 7 percent of all Wisconsin high school students were enrolled in an economics course (compared, for example, with about 14 percent enrolled in concert band). Low rates of course-taking in economics are predictable, given that only about 17 percent of Wisconsin's high school districts require a course in economics; 70 percent require a course in government.
- Few prospective teachers take courses in business or economics. An analysis of transcripts at UW-Madison showed that most (elementary education and secondary Social Studies education) teachers in training there take no coursework in business or economics, notwithstanding their obligation according to DPI regulations (PI 34.15[2]) to attain knowledge of academic content represented in the state's Model Academic Standards.
- Evidence obtained from a sample of Social Studies teachers employed in Wisconsin shows that these teachers hold ambivalent attitudes toward market systems and the private sector.
- Efforts to bolster economic and financial education in Wisconsin draw more support from non-educators than from educators.

The weak position of economic and financial education in Wisconsin's K-12 programs is unlikely to be reversed without a policy initiative launched from outside professional circles in education. We therefore recommend that the Governor appoint an independent commission to assume responsibility for strengthening economic and financial education. In consultation with the Department of Financial Institutions and the DPI, the commission should do the following:

- Bolster Wisconsin's Model Academic Standards in economics by including within them a new component of standards in personal finance.
- Oversee development of a model standards-oriented curriculum in economics and personal finance for grades kindergarten through 12, including a detailed scope and sequence plan.
- Oversee development of a model high school course in economics and personal finance; seek legislative action to establish the course as a statewide requirement for high school graduation.
- Oversee development of standards-based test items in economics and personal finance, for use in the state's assessment program.
- Work with Social Studies educators statewide to move toward subject-specific testing in the five Social Studies areas: Geography, History, Political Science & Citizenship, Economics, and Behavioral Sciences.
- Pursuant to PI 34.15(2), work with DPI staff members and college and university academic deans to ensure that teacher training programs include economics and personal financial education among the content knowledge areas for which prospective teachers will be tested as the forthcoming examinations are developed.
- Seek flexibility in teacher certification rules to enable qualified business education teachers to teach courses in economics and financial education.

INTRODUCTION

Imagine a visitor to the United States, touring Wisconsin to examine its public education system in order to learn about the system's main goals and the institutional arrangements and practices by which it seeks to attain them. What might she expect to find? Among other things, goals and practices reflecting distinctive features of the United States — its political system and its civil society, including the institutions on which Americans rely to handle their personal and public responsibilities. It would not be difficult for our visitor to make this prediction. Wherever public school systems exist, they exist in part to teach young people about the distinctive features of the societies they serve.

Teaching young people about the distinctive features of their own society is generally an uncontroversial goal, but it takes on particular importance today against a background of two disconcerting problems. First, young Americans typically experience basic political and social institutions as prepared for them and handed over, ready-made, across the generations. They make some use of these institutions (it would be impossible not to), but they have not seen the institutions evolve, have had no hand in creating them, and have little basis for imagining them as achievements attained by choice and effort. The institutions are apt, therefore, to seem humdrum or alien, evoking complacency, little curiosity, and a weak sense of attachment.

Second, young Americans typically know little about basic political and social institutions to which they are heirs (see, e.g., Hoff, 1999). Whatever breeds contempt or ennui here, it is not familiarity. The lack of knowledge matters, moreover, and not only for the specter it raises (see, e.g., Damon, 2001) of widespread disengagement on the part of the young from civic and political activities. It is a lack of knowledge that extends also to the private-sector economy, including the economic principles that underlie the economy and the skills by which successful participants in the economy manage their own financial affairs. To be uninformed about this sphere of activity has practical consequences for individuals, especially today when consumers face an increasingly complex array of new financial services and products about which they must try to make wise choices (Greenspan, 2003). There are public consequences as well, since individuals who struggle unsuccessfully to manage their financial affairs may experience debilitating problems that also impose costs on others. Money and financial problems in Wisconsin are the number one cause of divorce, a leading cause of suicide, and a main reason for bankruptcies. Wisconsin experienced a 105 percent increase in personal bankruptcies between 1990 and 2002 (Governor's Task Force on Financial Education, 2002, p. 4). In the first quarter of 2003, bankruptcy filings rose by 21 percent, putting the state on pace for a third consecutive year of record bankruptcies (Gores, 2003). According to the Governor's Task Force on Financial Education (2002, p. 35), ripple effects from bankruptcies cost each Wisconsin consumer more than \$500 annually.

For academic, civic, and practical reasons, then, one might expect that our hypothetical visitor to Wisconsin would discover an education system deliberately balanced in its approach to teaching young people about public- and private-sector institutions. Such a balance might imply, regarding the private sector, state-level curricular standards, model instructional programs, and teacher-training requirements focused on academic and practical studies in economics and financial education. More generally it might imply that educators would tend to view the private sector with professional interest — not uncritically but with a measure of attention and respect befitting its central role in American society and its role worldwide as an emblem of modernity.

But our visitor would search in vain for such a curricular emphasis or attitudinal tendency in Wisconsin. Economics and financial education enjoy no pride of place in the state's system of public education. They are scarcely mentioned in state law, weakly represented in state regulations, overshadowed in local districts by educators' attachment to the study of government, shunned as fields of study by teachers-in-training, and entrusted for the most part to high school social studies teachers who know little about the private sector and regard it, at best, with ambivalence.

We turn now to an examination of these contentions and the evidence for them, beginning with an elaborated account of the problem.

THE PROBLEM

Educators routinely declare goals related to teaching young people about the real world in which they will one day take their place. The real world presupposed in their remarks and documents includes a system of government, and schools accordingly provide, and often require students to take, courses about democracy, governmental institutions, and the literacy skills thought to be associated with citizenship. The real world known to educators also includes a regionally diverse, multi-ethnic social order, and schools accordingly provide instruction about social his-

tory, including issues and attitudes related to race and ethnicity. Many other newsworthy phenomena also serve as important points of reference for educators, shaping day-to-day instruction as well as broader principles of curricular policy.

Connect the dots in this sample of professional activity: the line points toward another precinct in the real world. It is the U.S. economy, marked by a strong, vibrant private sector. Its admirers and detractors regard it as central to the “real world,” which educators profess to take as their curricular pole star.

Compared with business firms elsewhere, U.S. firms enjoy considerable autonomy and flexibility in decisions they make to expand or contract, hire workers or lay them off, and develop new goods and services in response to consumer demand. As a result, the United States has the largest, most dynamic economy in the world. It is the world's leading industrial nation, with highly diversified industries in petroleum, steel, automobiles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, mining, and more. Its firms are at or near the forefront in technological advances in several sectors including computers, medicine, aerospace, and military equipment.

From 1994-2000, the United States economy was the envy of the world, marked by low rates of inflation, low rates of unemployment, and solid annual increases in real Gross Domestic Product (GDP). Per capita GDP in the United States was \$36,200 in 2000, greater than that of any other nation (see Table 1). That is significant because per capita GDP is one measure of the standard of living.

TABLE 1 SELECTED NATIONAL LEVELS OF PER CAPITA GDP

Nation	Per Capita GDP 2000
China	\$3,600
Canada	\$24,800
Germany	\$23,400
Japan	\$24,900
Russia	\$7,700
United Kingdom	\$22,800
United States	\$36,200

Source: <www.odci.gov/cia/publications/factbook>

The state of Wisconsin also has a strong, diversified private sector. Its top five industries are dairy products, motor vehicles, paper, meat products, and small engines. It ranks third nationally in manufacturing, trailing only Indiana and Michigan. During the 1990s Wisconsin benefited from the long period of growth experienced generally throughout the United States (see White, 2000). Employment in the state grew by 21 percent, surpassing the nation's average 13 percent rate. Gross State Product reached \$173.5 billion in 2000, up 4.3 percent over 1999. New business starts totaled 21,892 in 2001 — a 6 percent increase over 2000, according to the Department of Financial Institutions — and were up by 15.6 percent for the first six months of 2002.

It is also true that the U.S. economy has faltered since 2000. Employment rates, earnings, and tax revenues have fallen nationwide, and Wisconsin is among several states

facing a severe fiscal crisis in 2003. Large U.S. firms have gone bankrupt, corporate officers have been indicted on felony counts, some workers have seen their retirement funds disappear and others have seen them lose value in a bear market.

These recent developments, in light of the adversity they imply for many citizens, also point up the contextual argument we advance here: In good times and bad, our young people will live in a world shaped by market forces. They should therefore learn about those forces in school. The curricular criterion that warrants inclusion of such things as automobile safety in school programs should extend as well to the economic system in which automobiles are produced and the means by which consumers buy or lease them. Outside the schools, people grasp this point. According to a Louis Harris & Associates study (1999) based on interviews with a national sample of 1,010 adults, 96 percent of American adults believe that economics should be taught in school.

What Americans Know about Economics

Ignoring economics in school programs cannot be defended on grounds that such instruction would be superfluous. On various measures of knowledge about economics, American adults and young people generally do not perform well.

The Harris Study

The Harris study (1999) mentioned above, which also surveyed a representative sample of 1,085 high school students, sought primarily to assess adult and student understanding of basic economic principles, knowledge about the U.S. economy, and key economic terms. The assessment instrument was derived from the *Voluntary National Content Standards* published (1997) by the National Council on Economic Education (NCEE) — a publication intended for use by K-12 educators. Many adults and students performed poorly on this assessment.

- On average, adults scored 57 percent correct on questions designed to measure basic economics knowledge; high school students scored 48 percent correct.
- Adults and students were not familiar with the various functions and characteristics of money. For example, only 37 percent of high school students and 36 percent of adults recognized the statement that *Money holds its value in times of inflation* as being incorrect.
- Most adults and most students showed a poor understanding of the concept of inflation — not knowing, for example, who benefits during times of inflation.
- Fewer than half of the adults (45 percent) and high school students (41 percent) understood the relationship between price controls and scarcity.
- Just over half (54 percent) of the adults, and only 23 percent of the high school students, knew that when the federal government's expenditures for a year are greater than its revenue for that year, there is a budget deficit. About one-fourth of the adults (22 percent) and high school students (25 percent) confused the definition of a budget deficit with that of the national debt.

Other National Studies

It has been difficult to obtain other nationwide perspectives on how well young people understand basic economics. The U.S. Department of Education assesses student learning in several subject areas including reading, mathematics, science, history, geography, and civics. Recently, the Department identified economics as a subject to be added to the list of the social sciences for which it would test. The economics assessment is likely also to include some items regarding personal finance. A National Assessment of Educational Progress in economics is scheduled for 2005, with results to be released in 2007.

Today the most widely used test of economic understanding is the Test of Economic Literacy (TEL) developed by Walstad & Rebeck (2001). The TEL has two equivalent forms (A and B), each with 40 multiple-choice items. Both forms test for knowledge of concepts and principles likely to be taught in a typical high school economics course. These concepts and principles derive from four categories of knowledge about economics: fundamental, microeconomic, macroeconomic, and international. (See Table 2.) The TEL has been carefully developed to establish ade-

TABLE 2: CONTENT MEASURED ON THE TEST OF ECONOMIC LITERACY

TEL Content Categories
Fundamental Economic Concepts
1. Scarcity
2. Opportunity costs/trade-offs
3. Productivity
4. Economic systems
5. Economic institutions and incentives
6. Exchange, money, & interdependence
Microeconomic Economic Concepts
7. Markets & prices
8. Supply & demand
9. Competition & market structure
10. Income distribution
11. Market failures
12. Role of government
Macroeconomic Economic Concepts
13. Gross Domestic Product
14. Aggregate supply & demand
15. Unemployment
16. Inflation & deflation
17. Monetary policy
18. Fiscal policy
International Economic Concepts
19. Comparative advantage/barriers to trade
20. Balance of payments & exchange rates
21. International growth and stability

Source: TEL Examiner's Manual

TABLE 3 AGGREGATE STATISTICS FOR TEL NORMING SAMPLE

	Form A	Form B
Sample Size		
Number of Students	3,288	3,955
Percent with Economics	80	82
Reliability		
Coefficient alpha	.89	.89
Standard error of Measurement	2.76	2.76
Means		
Overall	23.85	24.50
[A = 3,288; B = 3,955]	(8.33)	(8.32)
With Economics	25.07	25.74
[A = 2,619; B = 3,224]	(7.96)	(7.97)
Economics (basic)	24.30	24.71
[A = 2,124; B = 2,718]	(7.73)	(7.66)
AP/Honors Economics	28.40	31.26
[A = 495; B = 506]	(8.08)	(7.33)
Without Economics	19.05	19.04
[A = 669; B = 731]	(7.99)	(7.62)
Social Studies (basic)	16.05	16.89
[A = 376; B = 479]	(6.65)	(6.88)
AP/Honors Social Studies	22.90	23.14
[A = 293; B = 252]	(7.93)	(7.28)

Notes

(1) Sample sizes are in brackets.

(2) Standard deviations are in parentheses.

Source: TEL Testing Manual

quate levels of content validity and reliability. In a norming exercise, it was administered to more than 7,000 students in the United States in 1999 and 2000.

Results from the national norming exercise are shown in Table 3. Overall, the results describe a low level of achievement in economics, with one interesting qualification related to the effects of instruction. High school students who had completed a high school economics course scored 61 percent correct on the TEL, while students who had not taken an economics course scored 41 percent correct. Taking a course makes a difference. Additional analyses of the scores by content category showed, predictably, that students performed better on questions about fundamental economics (67 percent correct) and microeconomics (62 percent correct) than they did on questions about macroeconomics (57 percent) and international economics (53 percent). Low scores in the latter categories would mean, for example, that the students in question would have a weak basis for understanding ordinary newspaper articles about taxation and trade policy.

Wisconsin

In Wisconsin, economics is regarded as a component of the state's Social Studies curriculum. The Department of Public Instruction does no independent, stand-alone testing of students' knowledge of economics. Instead economics is included as one of five subjects in Wisconsin's Model Academic Standards for Social Studies, and some economics

items are included annually in statewide Social Studies testing. The Social Studies tests also include items from history, geography, political science, and the behavioral sciences (anthropology, psychology, and sociology). Since economics is one of the five areas tested, and since economics is less commonly taught than history, relatively few economics items are included in the statewide tests. As a result, it is impossible to draw any firm conclusion regarding economic understanding in Wisconsin based on data from Wisconsin's tests. Indeed, it is also impossible to know how well students understand history, geography, or government.

Given the paucity of information about achievement in economics provided by Wisconsin's testing program, we carried out a small-scale study of our own, using the TEL as a measure of student learning. In the second semester of the 2002 academic year, teachers (participating voluntarily) in three high schools in southeastern Wisconsin administered the TEL to 333 high school students. Most of these students were enrolled in basic social studies classes, and almost none of them had taken a high school economics course.

The results of our Wisconsin TEL assessment are shown in Table 4. The mean score is 16.02, or 40 percent correct; this is close to the national mean for students in basic social studies classes ($M = 16.05/16.88$). In other words, test results for one sample of Wisconsin students show a low level of economic understanding, similar to the low

level observed for other samples of comparable students nationally. Our results may be influenced positively or negatively by sampling error, but as the first TEL measure to date for Wisconsin students they provide at the very least a starting point for discussion.

TABLE 4 WISCONSIN HIGH SCHOOL STUDENTS' PERFORMANCE ON THE TEST OF ECONOMIC LITERACY

<i>Test Instrument</i>	<i>N</i>	<i>Mean</i>	<i>Standard Deviation</i>
Test of Economic Literacy	333	16.02	6.673

What Americans Know about Personal Finance

Courses of study in financial education typically focus on sources of income, money management, spending and credit, and saving and investing. Various assessments have shown that American adults and high school students on average know little about these topics.

National Studies

A national survey of Twelfth-graders' financial understanding has been conducted three times by the JumpStart Coalition — in 1997, 2000, and 2002. The 2002 survey (Mandell, 2002), administered to 4,024 twelfth-graders in 183 schools, included 31 items measuring knowledge about money, income, saving, spending and credit, plus items about students' background and their use of money and credit. One typical question refers to consequences following from the theft of a credit card: *If your credit card is stolen and the thief runs up a \$1,000 charge on it, how much of the charge would you be responsible for paying if you notified the card-issuer of the theft promptly?*

On average, participants in the 2002 JumpStart survey answered 50.2 percent of the questions correctly. The average score in 2000 was 51.9 percent correct and the average score in the 1997 survey was 57.5 percent. Twelfth-graders' financial understanding, as measured by the JumpStart Survey, has been declining nationally.

Results from the Harris study (1999), discussed above, showed that students who had completed a high school economics course outperformed, on average, those who had not. The JumpStart studies also suggest that achievement is related to instruction. More than one quarter (28.8 percent) of the students surveyed in 2002 had participated in a stock market simulation or game. These are statewide projects in which students invest a hypothetical portfolio of \$100,000 in the stock markets. Students who participated in stock market simulations scored somewhat better, on average, (52.4 percent/ 50.2 percent) than other students overall.

Other findings from the 2002 JumpStart survey include the following:

- The average score for Caucasian students was 53.7 percent, compared with 50.6 percent for Asian Americans, 44.8 percent for Hispanics, 42.1 percent for African Americans and 45.5 percent for Native Americans.
- Males averaged slightly higher scores (50.7 percent) than females (49.7 percent).
- Students from the Midwest scored higher (53.5 percent) than students from the Northeast (50.5 percent), the West (48.8 percent) and the South (48.6 percent).
- Students surveyed in 2002 were more likely than those surveyed earlier to have their own credit cards (12.1 percent in 2002, versus 9.2 percent in 2000 and 7.7 percent in 1997).
- Over one third (35.9 percent) of the 2002 students have an ATM card, compared with 31 percent in 2000 and 31.5 percent in 1997.
- Nearly 75 percent of the students have a savings and/or checking account with a bank. The 25.7 percent of the students without any bank account scored lower (46.1 percent) than those who have a savings account (51.7 percent), a checking account (50.5 percent) and both savings and checking accounts (50.2 percent).

Wisconsin

In its 2002 survey, the JumpStart Coalition included Wisconsin in its national sample. Nine Wisconsin high schools participated, with 185 students completing the sur-

TABLE 5 OVERALL SCORES ON THE 2002 JUMPSTART COALITION SURVEY

<i>Wisconsin 2002</i>	<i>Nation 2002</i>	<i>Nation 2000</i>	<i>Nation 1997</i>
58.8%	50.2%	51.9%	57.5%

vey. As shown in Table 5, the average score for Wisconsin students was 58.8 percent; the national average was 50.2 percent.

That is the good news, relatively speaking. But scores of 59 percent to 60 percent also mean that Wisconsin's students struggle unsuccessfully with a large portion of very basic content related to financial understanding.

Behavioral Indicators of Financial Understanding

The survey results reviewed above describe low levels of economic and financial understanding, given the very basic quality of the assessment items in question. But one might reasonably question the validity of using paper-and-pencil test scores as a measure of the knowledge and skills in question here, given the varied, situation-specific circumstances in which people actually put economic and financial understanding to use. Unfortunately, other assessments based on behavioral evidence only underscore the gravity of the problem.

Attitudes versus Behavior

Some of the behavioral evidence derives from studies comparing Americans' confidence with their performance, regarding saving and investing. For example, in a national survey commissioned by Northwestern Mutual Financial Network, Harris Interactive (2001) found that Americans express high levels of confidence in their financial planning. Eight out of ten Americans were comfortable with the amount of financial planning and preparation they had done for the future. Many of them envisioned early retirement — at age 61, on average, with younger Americans expecting to retire earlier. But the same study also revealed the following:

- One-fourth of the respondents did not save anything at all on a monthly basis for long-term goals such as retirement or a child's education.
- Half of the respondents did not pay their credit card bills in full each month.
- About 20 percent spent more than 75 percent of their monthly income each month.
- Only 6 percent with 401(k) plans contributed the maximum that is matched by the employer.
- Seventy percent of job-changers did not roll over their 401(k) plans.

Similar evidence has been provided by a national survey funded by the TIAA-CREF Institute (Greenwald & Associates [2001]). Researchers interviewed 1,000 adults; all of who were parents or primary care-givers for one or more children aged 6-17. Results showed that a majority of the interviewees were confident about their understanding of financial matters (51 percent reported understanding financial matters very well, 46 percent fairly well), and most believed they were doing a good job of managing their money. Once again, however, the behaviors of these Americans did not match their attitudes. For instance, 55 percent of them rolled over credit card debt each month. When asked where they would put or advise their child to put \$5,000 to save for education or some other long-term goal, 58 percent did not identify long-term investment vehicles with potential for higher returns such as mutual funds or stocks. Instead, one of three cited low-yielding certificates of deposit, savings accounts, and government bonds.

A study titled *Generation 2001: The Second Study*, conducted for Northwestern Mutual Financial Network by Harris Interactive (2001), focused on a national, representative sample of college seniors. It was a follow-up to a study conducted in 1997 when the students of the class of 2001 were freshmen; it focused in part on financial matters. Once again, the results reveal a disconnection between attitudes (suggesting, in this case, optimism and a sort of naiveté) and behavior.

- Nearly half (48 percent) of college seniors felt not very knowledgeable or not knowledgeable at all regarding financial matters.
- Despite their lack of knowledge, nearly three-quarters believed it that they very likely would be able eventually to afford the lifestyle they experienced in childhood.
- While college students rated home ownership (71 percent), life insurance (65 percent), 401(k)s (58 percent), and IRAs (51 percent) as important financial vehicles, far fewer (22 percent for home ownership; 15 percent for life insurance; 15 percent for 401(k)s; 12 percent for IRAs) expressed high levels of knowledge about these instruments.
- On average, college students had three credit cards each, and each already had a significant debt load.

Other Indicators

Savings. The U.S. personal savings rate has fallen since the early 1990s. The savings measure is derived from a measure of disposable income. Disposable income is personal income after the payment of payroll and income taxes. Personal saving is calculated as disposable income less personal spending. From 1990 to 1995, the average annual personal savings rate was 8.72 percent. From 1997 to 2001, it was 3.32 percent. This savings rate suggests that American households are financially overextended.

College students and credit cards. A recent report from the U.S. General Accounting Office (2001) provides evidence regarding credit card use among college students and bankruptcy rates among young people. This study is somewhat difficult to summarize because it involved collecting and interpreting data from three other studies. Two of them depended on surveys, while the third, a smaller study, examined actual student credit reports. Some results are listed below. (The higher numbers from the third study may mean that its sample is less representative of all college students or that students completing the other two surveys under-reported certain facts.)

- Between 66 percent and 78 percent of college students have credit cards.
- Between 6 percent and 13 percent of college students have four or more credit cards. (According to the third study, the average is three credit cards per student.)
- College students use credit cards in following manner: 77 percent for personal expenses (food, clothing, entertainment), 67 percent for emergency expenses, 57 percent for books and supplies, 12 percent for college tuition, and 7 percent for room and board.
- Two studies reported that most (59 percent and 58 percent) students paid their monthly credit-card balances in full.
- Regarding students who carry a monthly balance, two studies found that 17 percent have a balance of \$500 to \$999, and 16 percent carry a monthly balance of \$1,000 or more.
- The study based on student credit reports found that the average credit-card debt for students who carry a monthly balance was \$2,748.00.

In commenting on their credit-card debts, participants in the GAO (2001) study generally agreed that they had not anticipated how difficult it would be to pay off their credit-card debt and other debts upon graduation. According to the College Board, the average undergraduate with student loans graduated owing \$19,400 in 1998-1999.

Student debt in Wisconsin. In Wisconsin, the student-loan debt burden, while below the national average, is high and increasing. Reports from the University of Wisconsin-Madison Office of Student Financial Services show that the number and percentage of students with debt has been increasing steadily since 1990-91 (see Table 6). Debt per se is not a bad thing, of course; investing in one's education through college loans often pays private returns over the long term. But the combination of heavy student-loan debt with heavy credit-card debt can be a recipe for financial trouble.

TABLE 6 UW-MADISON STUDENT DEBT REPORT ON STUDENTS WITH BACHELOR DEGREES

<i>Year of Graduating</i>	<i>No. with Debt</i>	<i>No. Graduating</i>	<i>% with Debt</i>	<i>Average Debt (\$)</i>	<i>Range of Debt (\$)</i>
1990-91	2,535	6,305	40.2	8,500	100 - 39,301
1991-92	2,466	6,345	38.8	9,137	31 - 40,061
1992-93	2,410	6,215	38.7	9,814	100 - 67,249
1993-94	2,440	5,824	41.9	10,825	48 - 52,133
1994-95	2,304	5,569	41.4	12,681	85 - 59,114
1995-96	2,424	5,474	44.3	14,505	146 - 63,873
1996-97	2,386	5,386	44.3	15,813	65 - 79,816
1997-98	2,523	5,420	46.5	16,721	1 - 78,580
1998-99	2,551	5,550	45.9	15,915	94 - 65,007
99-2000	2,515	5,462	46.0	15,950	94 - 71,030
2000-01	2,538	5,877	43.2	15,140	94 - 74,246

Low- and Moderate-Income People

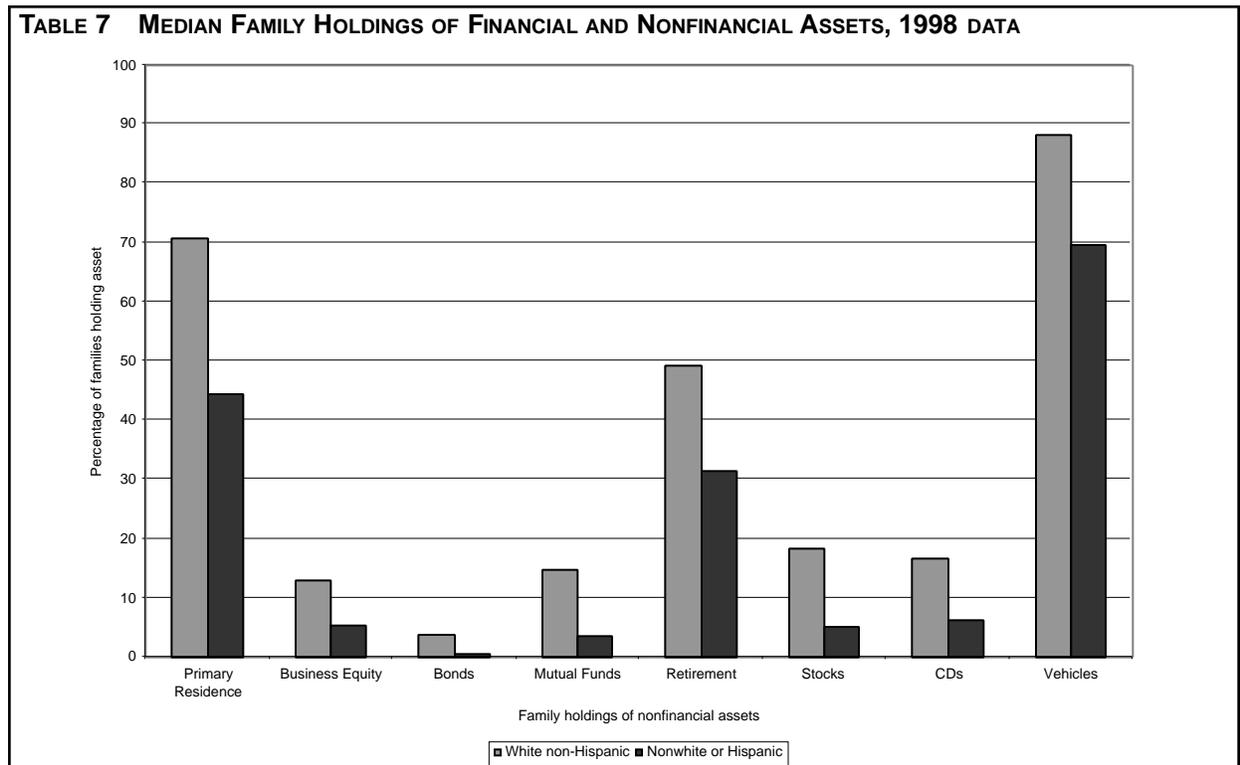
Wealth and Income Gaps

Educators often emphasize the point that quality education is vital for the children of the poor, since they have few resources apart from education to buffer them against adversity and sustain them as they pursue their goals. The point applies well to economics and financial education. Improved economic and financial literacy would benefit American young people across the board; it would benefit the children of the poor especially.

According to a recent report from the Federal Reserve (2000), the median family-income gap between nonwhite or Hispanics and white non-Hispanics decreased between 1989 and 1998. In 1989, nonwhite or Hispanic median family income was \$18,600. This increased by 13.4 percent to \$21,100 in 1992, remained the same in 1995, and increased by 10.4 percent to \$23,300 in 1998 (in 1998 dollars). In 1989, white non-Hispanic median family income was \$38,500. This decreased by 8.8 percent to \$35,100 in 1992, remained nearly stable in 1995 (\$35,200), and increased by 7.1 percent to \$37,700 in 1998. In 1989, nonwhite or Hispanic median family income was 48.3 percent of white, non-Hispanic median family income; in 1998, it was 61.8 percent of white non-Hispanic median family income

The net worth gap has narrowed, too, even more impressively. Net worth is defined as the current value of one's assets less liabilities. According to the Federal Reserve (2000), in 1989 the median family net worth of non-white Hispanics was \$8,500. In 1998, it had increased by 92.9 percent to \$16,400 (in 1998 dollars). In 1989, white non-Hispanic median family net worth was \$90,500. It increased by 4.8 percent to \$94,900 in 1998 (in 1998 dollars). Still, the net worth gap remains large. In 1989, nonwhite or Hispanic median family net worth was 9.3 percent that of white non-Hispanics. In 1998, it had increased to 17.3 percent — an impressive gain, but still leaving much room for improvement.

The gap between whites and nonwhites in wealth — the net value of all assets, including homes, cars, stocks, and savings accounts — is much greater than the income gap. This gap in wealth appears to be related to white/nonwhite differences in asset ownership. Table 7 shows the median family holdings of selected financial and non-financial assets. Nonwhites and Hispanics are less likely than whites to own homes, and less likely to own business equity. Nonwhites and Hispanics are less likely to invest in bonds, mutual funds, retirement, stocks, or certificates of deposit. These differences hold even when comparisons are controlled for income levels.



Explaining wealth and income gaps comprehensively would require an account of our entire socioeconomic system. The rival hypotheses are contested, as are the ameliorative proposals. Nobody doubts, however, that differences in human capital — the education, training, and work habits possessed by individuals — account in part for differences in wealth and income. That conviction has been a driving force in the civil rights movement, and it takes on added importance in today's economy, where the relative importance of physical capital has declined. But the drive for equity in schooling has not been marked by a strong commitment to economic and financial education as an approach to bolstering human capital. Infusing the drive for equity with that opportunity to learn remains an item of unfinished business.

The Unbanked

The Federal Reserve Bank of Chicago has conducted a number of studies regarding the status of "unbanked households" in the Midwest (see Toussaint-Comeau and Rhine, 2000). Unbanked households are families that have no connection (e.g., through checking or savings accounts) to mainstream financial institutions such as commercial banks or credit unions. Most of this research has focused on communities in Chicago metropolitan areas, not far from and not very different from the urban communities of southeastern Wisconsin.

Mainstream financial institutions offer many advantages to depositors. Services include direct deposits of payroll checks, low-cost checking accounts, and loans at competitive interest rates. Despite these advantages, roughly 10 million households in the United States are unbanked. More than 57 percent of the unbanked are in minority households. Nationally, African-American households rank highest among the unbanked; 37 percent are without checking or savings accounts. Banked or unbanked, low-income households still require financial services, of course, so many of them, especially those in urban areas, turn to check-cashing outlets and other short-term lenders offering pay-day loans and title loans. These consumers pay considerably more for financial services than those using mainstream banks.

If we assume that people in Milwaukee and other Wisconsin urban centers face problems similar to the problems studied in the Chicago area, there would appear to be a real and immediate need to improve economic and financial education among adults and young people residing in urban communities.

WISCONSIN'S MESSAGES TO SCHOOLS REGARDING ECONOMIC AND FINANCIAL EDUCATION

Through actions taken by the state legislature and rules developed by the Department of Public Instruction, the state of Wisconsin conveys to school boards an official message about what is important in the K-12 education system. The message is conveyed in part by Chapter 118, General School Operations.

State Law

Chapter 118 casts a broad net — touching, for example, on school district obligations regarding special observance days (September 16, Mildred Fish Harnack Day; October 9, Leif Erikson Day), school conservation camps (they are permitted), first-aid kits (schools must have them), appropriate construction of school fences (they must not diminish the value of adjoining properties), and strip searches (they are prohibited). Some educational goals are specified in particular detail. Schools districts are obliged by 118.01(2), for example, to ensure that students will gain "knowledge of the true and comparative vitamin content of food and food health values of dairy products and their importance for the human diet." School districts also are obliged to impart "knowledge of effective means by which pupils may recognize, avoid, prevent and halt physically intrusive or abusive situations which may be harmful to pupils, including child abuse, sexual abuse and child enticement." Instruction addressed to this goal "shall be designed to help pupils develop positive psychological, emotional and problem-solving responses to such situations and avoid relying on negative, fearful or solely reactive methods."

Regarding academic skills and knowledge, Chapter 118 calls upon school boards to offer programs of study conforming to the following criteria:

- Basic skills (reading, writing, spelling, and so forth), analytical skills (problem solving, analyzing information), basic knowledge (literature, fine arts, mathematics, natural sciences, and social sciences, including the "knowledge of the rights and responsibilities of the family as a consumer, cooperative marketing and consumers' cooperatives," skills and knowledge that foster lifelong learning, and knowledge in computer science).

- Vocational skills (preparation for careers, preparation for entry-level jobs not requiring post-secondary education, vocational training, and so forth).
- Citizenship (understanding of the basic workings of all levels of government).
- Personal development (skills to cope with social change, physical education, and so forth).

In reviewing this list drawn from Chapter 118, we wish to highlight two points. First, Chapter 118 describes curricular requirements unevenly. It specifies some areas of knowledge and skill in broad, general terms — literature, reading, writing, and the social sciences, for example. In these areas, local school districts, guided by curricular standards stated elsewhere, are presumably authorized to fill in the details, determining exactly what the general requirements mean. On the other hand, some content is by implication too important to be left unspecified, even at this level of policy formulation. Chapter 118 therefore identifies in narrower, more particular terms the content categories that schools must not overlook — the vitamin content of dairy products, cooperative marketing, consumer cooperatives, highway safety, and awareness of abusive situations, for example. The law itself requires teaching about this content. Its status is not dependent upon administrative decisions or decisions at the classroom level.

Second, while it does refer to the family as a consumer, and does instruct school districts to provide instruction about "the value of frugality," Chapter 118 makes no explicit statement about the obligation of school districts to provide programs of instruction for economics and financial education. Nor does it address economics and financial education explicitly as sub-categories of other specified areas — under the citizenship education rubric, for example.

Citizenship education, according to Chapter 118, must provide for the following:

1. An understanding of the basic workings of all levels of government, including the duties and responsibilities of citizenship.
2. A commitment to the basic values of our government, including by appropriate instruction and ceremony the proper reverence and respect for the history and meaning of the American flag, the Declaration of Independence, the U.S. constitution, and the constitution and laws of this state.
3. The skills to participate in political life.
4. An understanding of the function of organizations of society.
5. Knowledge of the role and importance of biological and physical resources.
6. Knowledge of state, national and world history.
7. An appreciation and understanding of different value systems and cultures.
8. At all grade levels, an understanding of human relations, particularly with regard to American Indians, Black Americans, and Hispanics.

The predominant message arising from these criteria is that students must know about government and politics; the first three criteria say so explicitly. A second message is that students must know about history and cultures, including minority cultures.

Those messages are entirely appropriate. It would be very odd for a public school system not to focus effort on teaching young people about the government, history, and cultural profile of their own country. But the messages are obviously incomplete. There is a private side to citizenship, and it includes participation in the economy. How might Chapter 118 have addressed that aspect of citizenship, had legislators chosen to do so? Here is a *draft* amendment, modeled on the form of Chapter 118, to indicate what is missing.

Wisconsin school districts must provide programs of study to ensure that students will attain the following:

1. An understanding of market economies, including the roles of producers and consumers, as described and explained by economic concepts and principles.
2. A commitment to the basic values of market systems, including respect for enterprise, prudence, responsibility, and the rule of law founded in the U.S. Constitution, especially regarding private property and contracts.
3. The knowledge and skills needed for effective participation in the economy and for personal financial management.

If that list of knowledge and skills appears to be unusual or startling in its content, it is only because a taken-for-granted, government-oriented conception of citizenship holds sway in official declarations about what schools should teach, and we are unaccustomed to thinking about what the taken-for-granted conception omits.

The DPI Administrative Code

State law is not the only means by which Wisconsin conveys messages to school districts. Its priorities and requirements are also conveyed through rules promulgated by the Department of Public Instruction in the Administrative Code. The DPI rules are notably explicit about what is required in many areas. And the rules also cast a wide net; to the casual observer, in fact, it might seem that the DPI hasn't missed a thing. A topical summary of rule-governed areas includes the following:

- Reduced class size (Project SAGE)
- Alcohol and other drug abuse
- Alternative education
- Bilingual educational
- Children at risk
- Children with disabilities
- Driver education
- Dropouts
- Education for employment
- Elementary mathematics and science
- Environmental education
- Exceptional educational needs
- High school graduation standards
- Limited-English speaking pupils
- Minority group precollege scholarships
- National teacher certification
- Peer review and mentoring
- Accommodation of religious beliefs
- Teacher education
- Youth options program
- And more.

Where in this formidable list might one find any reference to economics and financial education? One possibility is the Education for Employment Program; another is the Model Academic Standards for Social Studies. We examine each in turn.

Education for Employment

PI 26 presents the rules for Wisconsin's Education for Employment Program. The goal of this program is to provide "all pupils in grades kindergarten through 12 access to an education for employment program which provides for foundations of good citizenship and which links academic and occupational standards to workplace skills and experiences." The goal is to be achieved through instruction in these areas:

- Career awareness programs at the elementary school levels.
- Career exploration programs at the middle school levels.
- Career planning and preparation at the high school levels, including
 - Career research.
 - Instruction in career decision making.
 - Instruction in the practical application of academic skills and applied knowledge.
 - The study of the practical application of economics and American economic institutions, including entrepreneurship education.
 - Access to technical education programs that take into account labor market conditions.

At first glance, the Education for Employment regulations appear to provide what Chapter 118 does not: A clear statement requiring school districts to teach about economics and personal finance, in the broader context of career education. But a brief second look is enough to show that this is not the case.

First, two of the main goals listed — career awareness and exploration — are described broadly without reference to any academic discipline and without reference to anything students should learn or learn how to do in their efforts to reach the goals. Teachers could therefore address career awareness and exploration according to PI 26 through a wide range of activities — taking students on field trips, assigning them to read stories, or to write accounts of how they like to spend their time, or to summarize information from Internet or from college catalogues, or to talk with adult neighbors about their work, and so on — without teaching anything at all about economics or personal finance. The same point holds for the reference, in the career-planning requirement, to (unidentified) academic skills and applied knowledge in which teachers are expected to provide instruction. Any teacher who teaches reading and writing could meet this requirement simply by assigning tasks of reading and writing that touch somehow on careers. If topical free-association trumped disciplinary understanding, the regulation would still be satisfied.

Second, while one sub-point in the PI 26 career planning requirement calls for study of the practical applications of economics, economic institutions, and entrepreneurship, it does not identify the concepts, principles or institutions teachers should introduce and use in the application exercises, nor does it indicate anything about where, when, or how extensively such exercises should be carried out. Here, too, PI 26 sanctions almost anything and specifies, therefore, nothing distinctly derived from economics.

Third, PI 26 requires only that school districts provide "access" to the respective areas of study. The access requirement is markedly elastic, so much so that any ordinary school district could claim to have met it regardless of the district's commitment or lack of commitment to economics and financial education. If the district's media resource centers shelved the local newspaper and some news magazines, it would, by virtue of that fact alone, offer access to information about anything that might be imagined as falling within the Education for Employment rubrics in PI 26.

In short, regarding economics and personal finance, PI 26 is devoid of substance. Its vague formulations require nothing definite, and they invite application of generic activities that educators are inclined to use anyway for reasons unrelated to economics or personal finance.

The vagueness in question is not merely a stylistic convention of DPI regulatory language. Regarding other curricular areas, DPI rules speak more pointedly and forcefully. PI 8.01, for example, specifies in considerable detail how school districts are to fulfill their obligations regarding computer science and environmental education. For computer science, "each school district board shall develop, adopt, and implement a written school district curriculum plan" which includes a kindergarten through grade 12 sequential curriculum plan, specifying objectives, course sequence, course content, resources, an objective process of determining whether pupils attain the specified objectives, and an allocation of instructional time [for computer science] by week, semester and school term." For environmental education, similarly, "environmental objectives and activities shall be integrated into the kindergarten through grade 12 sequential curriculum plans, with the greatest emphasis in art, health, science, and social studies curriculum." No such language is to be found in PI 26.03 regarding the scope, sequence, or substance of instruction school districts must provide about economics or entrepreneurship. And PI 26.03 does not mention personal finance at all.

Wisconsin's Model Academic Standards

But perhaps we have been looking for economics and financial education in all the wrong places. Even if state law and the Administrative Code give those areas of study scant attention or none at all, there is another important source of the state's curricular priorities: Wisconsin's Model Academic Standards in Social Studies. The DPI maintains that these standards represent the state's commitment to providing strong programs of economics and financial education.

On the face of it, this claim seems plausible. Economics has a prominent place as one of five sub-categories for standards in the overall Social Studies listing:

1. Geography: People, Places and Environments
2. History: Time, Continuity, and Change
3. Political Science and Citizenship: Power, Authority, Governance, and Responsibility
4. Economics: Production, Distribution, Exchange, and Consumption
5. Behavior Sciences: Individuals, Institutions, and Cultures

It also seems clear, we think, that Wisconsin's Standards in Social Studies have bolstered economics as a curricular area in at least three ways. First, the Standards provide explicit direction about what economics content is considered most important for students to learn. Fourteen content statements are devoted to economics at grade 12. This level of specificity provides useful guidance to Wisconsin school districts. Second, the Standards effectively narrow the range of content that might be thought to fall within the Social Studies, enabling schools to concentrate on key sub-categories. This also is good for economics. It could have turned out differently. *The Curriculum Standards for Social Studies* (1994), published by the National Council for the Social Studies, calls for a sprawling social studies curriculum defined by 10 themes, including Science, Technology and Science, and Global Connections. Wisconsin has declined to follow the NCSS on this point, preferring some focus and depth to boundless scope. Third, the Standards have begun to generate follow-up activity related to economics. The DPI's recent curriculum guide *Planning Curriculum in Social Studies* (2001) provides helpful advice, referenced to the Standards, about the teaching of economics.

Overall, however, the record of follow-up activity associated with the Standards shows that the Standards initiative thus far has failed to secure a firm place for economics and personal finance in Wisconsin's schools. We base this conclusion on analyses of information from three sources: the failed development of the high school graduation test, high school course-taking surveys, and school-district graduation requirements.

Economics and the aborted high school graduation test. Early in its efforts to develop a high school graduation test for Wisconsin, the DPI recognized that not all of the Social Studies Standards could be used in devising test questions. In 1998 the DPI conducted an alignment study (Dold, Fortier, et al.) to determine (1) which of the Social Studies Standards could be assessed by large-scale tests and (2) how many Standards were matched by test questions on the *TerraNova*, Form A, test. The results of this alignment study showed that 13 out of 14 Standards in economics could be assessed by large-scale tests and that 7 out of 14 were matched by *TerraNova* test questions (Dold, Fortier, et al., 1998, p. 9). Potentially, then, economics could have had a strong presence in the high school graduation test, assuming that the test would resemble the *TerraNova*. But in 2000 the DPI published *Wisconsin High School Graduation Test: Educators' Guide*, and it stated (Fortier, Cook, and Burke, 2000, p. 4.13) that only four economics Standards would yield test-eligible content. This determination put economics dead last (see Table 8) among the five Social Studies sub-areas in the percentage of Standards to be represented on the proposed test. Political science ranked first, with a ranking about three times that of economics.

Something funny had happened to economics on the way to the high school graduation test. One of us met with a DPI official at the time to ask why economics had been ranked so poorly. His answer did not have to do with technical problems of test development, although an explanation of that sort is loosely implied in the *Educators' Guide* (Fortier, Cook, & Burke, 2000, pp. 2.2-2.5). Instead the DPI official stated that schools were not geared up to teach economics. Since school districts were already under great pressure as a result of the standards initiative, it was decided to go easy on the economics content standards.

The effort to develop and implement a high school graduation test has now been scrapped, but the low priority assigned to testing for economics in 2000 says much about the marginal status of economics among educators in the state, including DPI officials. If the schools were "not geared up to teach economics," after all, that might be taken as an additional reason for insisting on a strong presence for economics on the proposed test.

TABLE 8 SOCIAL STUDIES CONTENT STANDARDS JUDGED TO BE TEST-ELIGIBLE

Subject	Total Number of Standards	Total Number of Standards Judged Test Eligible	Total Number of Standards Judged Test Eligible
Behavioral Sciences	17	6	35%
Economics	14	4	28%
Geography	13	5	38%
History	17	13	76%
Political Science	13	11	85%

Source: *Wisconsin High School Graduation Test: Educators' Guide*

Enrollments in high school economics and business courses. Wisconsin's Model Academic Standards were approved in 1998. School districts have had four years to strengthen their course requirements in light of the Standards. What has the effect been on course-taking in economics?

TABLE 9 ENROLLMENTS IN SELECTED COURSES IN THE GENERAL CURRICULUM COMPARED TO ECONOMICS, 2000-2001

<i>General Curriculum Enrollment in Selected Courses, Grades 9-12</i>	<i>Number of Students Enrolled</i>
Algebra, Year 1	70,565
Algebra, Year 2	47,487
Geometry	63,788
English Language Arts	167,888
Literature	74,516
Biology 1 st Year	81,963
Chemistry	37,781
U.S. History Year 1	41,883
U.S. History Year 2	33,320
U.S. History Survey	27,500
Spanish I	34,706
Concert Band	40,002
Economics	20,128

Source: Wisconsin DPI 2000-2001 Enrollment Summaries

required (e.g., U.S. history) and elective courses (e.g., psychology, sociology). Results are shown in Table 10. Among the 10 courses, economics ranked sixth in enrollments, well behind history and civics. More students enrolled in current events and psychology courses than in economics.

TABLE 10 ENROLLMENTS IN THE TOP 10 SOCIAL STUDIES COURSES GRADES 9-12, 2000-2001

<i>Title of Course</i>	<i>Number of Students Enrolled</i>
1. U.S. History (Year 1, Year 2, and Survey Course)	102,703
2. World History	54,882
3. Citizenship Civics	47,375
4. Current Issues/Events	40,810
5. Psychology	22,162
6. Economics	20,128
7. Geography	18,614
8. Global Studies	17,614
9. Sociology	15,340
10. History: Wisconsin	9,501

Source: Wisconsin DPI 2000-2001 Enrollment Summaries

To find out, we looked at annual surveys of high school course-taking, conducted by the DPI. We looked first at enrollments in economics courses compared to enrollments in courses offered in the general high school curriculum. Results are shown in Table 9. Total high school enrollment (grades 9-12) for 2000-2001 was 284,736. About 7 percent, therefore, were enrolled in an economics course. Far more students were enrolled in English, science, and mathematics courses, including mathematics courses (such as algebra 2 and geometry) for which students must ordinarily meet prerequisites. The profile may seem unsurprising, since graduation requirements typically drive enrollments in these subjects. But more students also enrolled in Spanish I (12 percent) than in economics, and about twice as many students (14 percent) enrolled in concert band.

We looked next at enrollments in 10 social studies courses, including U.S. history, world history, civics, current events, and psychology. Results are shown in Table 10. Among the 10 courses, economics ranked sixth in enrollments, well behind history and civics. More students enrolled in current events and psychology courses than in economics.

Finally, we looked at enrollments in a handful of courses likely to contain content in economics and personal finance. Table 11 shows the results. Total enrollments across five economics-related courses come to 43,532, or 15 percent. That total equals about 28 percent of the composite figure for U.S. and world history. By a margin of one percent, however, it exceeds the concert band enrollment.

School district graduation requirements. For patterns of variation in course-taking, one likely explanation has to do with school districts' graduation requirements. To examine the relationship between requirements and course-taking in

economics and government, we conducted a telephone survey in 2000 of 374 Wisconsin school districts with high schools. For each district, we asked whether courses in economics and government were required for high school graduation. Results are shown in Table 12. About 17 percent of Wisconsin school districts require students to take an economics course in order to graduate from high school; by contrast, 70 percent require students to take a course in government.

Wisconsin's Model Academic Standards in Social Studies may some day play a strong role in efforts to improve programs in economics and financial education statewide. To date, however, the Standards have co-existed peacefully with a statewide propensity to ignore or marginalize economics and financial education. The graduation test the state failed to develop would have made economics the lowest priority in the Social Studies curriculum, despite the Standards. Enrollment data show that, after four years, the Standards have not had enough clout to push economics enrollments up to enrollment levels for concert band. Nor have the Standards bolstered the status of economics vis-à-vis the study of government; school districts continue to require the latter (70 percent) far more than the former (17 percent).

It is not the Standards, of course, that stand in the way of action. Nothing in the Standards would prevent legislators, DPI officials, and educators at the district level from exercising leadership on behalf of economics and financial education, if in fact they believed that those areas ought to be top priorities for the state's schools. But instead — from state law, the Administrative Code, high school enrollment patterns, and district-level graduation requirements — all signs point toward continued, widespread acceptance of a school system in which economics and financial education have no important place.

Business, Economics, and Wisconsin's Teachers

Course-taking in business and economics

Teacher training programs in Wisconsin are governed by DPI program-approval rules. These rules specify, among other things, the knowledge and skills that must be imparted in teacher training programs. PI 34.15 (2) states that prospective teachers are required to have knowledge of the content represented in Wisconsin's Model Academic Standards (or knowledge based on other national standards developed by recognized national groups). UW-System training programs to date have not developed standards-based curricular examinations for prospective teachers, so we have no direct evidence about their subject-matter knowledge in economics or other areas. But since economics is a component of Wisconsin's Social Studies Standards, we might expect DPI-approved teacher training programs to ensure that prospective teachers study economics in the course of their academic preparation to teach.

To find out whether prospective teachers do study economics, we conducted a transcript analysis at UW-Madison in October 2002, with permission from the Registrar's office, using the following sample:

- Transcripts from the 50 most recent secondary education Broad Field Social Studies majors to have completed their teacher training programs at UW-Madison.

TABLE 11 ENROLLMENTS IN BUSINESS AND ECONOMICS COURSES LIKELY TO INCLUDE ECONOMICS AND FINANCIAL EDUCATION

<i>Title of Course</i>	<i>Number of Students Enrolled</i>
Economics	20,128
Business Organization/Management	9,129
Consumer Economics/Personal Finance	7,504
American Enterprise	4,840
Entrepreneurship	1,931
Total	43,532

Source: Wisconsin DPI 2000-2001 Enrollment Summaries

TABLE 12 ECONOMICS AND GOVERNMENT REQUIREMENTS IN WISCONSIN SCHOOL DISTRICTS

<i>Required Course</i>	<i>Number of School Districts (374)</i>
Economics	62 (17%)
Government	263 (70%)

Source: Telephone survey of school district officers and high school administrators

- Transcripts from 132 elementary education (grades 1-9) majors, randomly selected from a pool of teacher training program graduates going back to 1998.

(Students' names had been deleted from transcripts in all cases.) For each transcript, we tallied the number of courses shown in two categories: business and/or economics courses, and (for purposes of contrast) courses in environmental studies. Results are shown in Table 13.

TABLE 13 PERCENT OF ECONOMICS AND BUSINESS COURSES TAKEN BY ELEMENTARY EDUCATION AND BROAD FIELD SOCIAL STUDIES MAJORS AT UW-MADISON

	No courses in Business or Economics	One course Business or Economics	Two Courses in Business or Economics	Three Courses in Business or Economics
Elementary Education Majors (N=132)	81%	14%	4%	2%
Broad Field Social Studies Majors (N=50)	72%	16%	4%	4%

Our main finding can be expressed in a simple generalization: Most of the students whose transcripts we examined had taken no courses in business or economics. Seventy-two percent of the Broad Field Social Studies majors took no courses in business or economics. Sixteen percent took one course; four percent took two courses; four percent took three courses; and two percent took six courses. Of the business/economics courses taken, the vast majority were freshman-level introductory courses. By contrast, 86 percent of the Broad Field Social Studies majors took at least one course in environmental studies, and 10 percent took two courses or more.

The elementary education majors were even less likely to have taken business/economics courses. Eighty-one percent of them took none at all. Fourteen percent took one course; four percent took two courses; and two percent took three courses. And here again, the business/economics courses taken were overwhelmingly freshman-level introductory courses. By contrast, the profile is very different for environmental studies courses: 83 percent of the elementary education majors took one or more courses in environmental studies.

These results suggest two main points. First, requirements make a difference in course-taking. Wisconsin requires prospective teachers to complete an environmental studies course, and transcripts for UW-Madison students show, not surprisingly, that they do. (In the case of transcripts showing no environmental studies courses taken, the students appear to have been biology or botany minors, who may have been permitted to satisfy the environmental studies requirement by their biology/botany coursework.)

Second, in the absence of a specific requirement to do so, teachers in training at UW-Madison shun courses in business or economics. This is the case even for prospective Social Studies teachers, whose professional obligation to study business and economics might seem to be especially clear, given PI 34.15(2) and the state's placement of curricular Standards for economics within the Social Studies domain.

The anomaly would be immediately apparent if it were observed in other teaching fields. If nearly three-fourths of UW-Madison's secondary education majors preparing to teach high school English were found to be taking no university courses in literature, and the rest took one or two freshman-level courses, their training program would come under immediate censure.

Teachers' attitudes toward market systems

As one piece of evidence after another points up the marginal status of economics and financial education in Wisconsin's schools, it seems increasingly likely that the problem amounts to something more than institutional inertia or the practical difficulty of doing justice to yet another area of study in already-crowded school programs. Public school educators do not themselves work in market-governed systems, and their opposition to market-oriented initiatives in education is a matter of public record. Perhaps the low status of business and economics in the K-12 curriculum is the predictable outcome of an anti-market bias among educators.

To assess attitudes toward market systems among Wisconsin educators, we have drawn on research conducted by Dr. Charles Breeden and Dr. Noreen Lephardt of the Economics Department of Marquette University. Breeden

and Lephardt have developed a 22-item survey instrument titled "Market Attitudes Inventory" (MAI) which describes attitudes toward competitive market outcomes and processes (Breedon and Lephardt, 2002a, 2002b). Breedon and Lephardt randomly selected 900 high school social studies teachers from a total database of 3,541 obtained from the DPI. They received 443 responses (for a response rate of 49.2 percent). At the same time, to provide a point of comparison, they administered the survey to 65 Marquette University MBA students enrolled in a course in managerial economics. Subjects in both samples were overwhelmingly white; most were male and most were married. About 60 percent of the teachers had completed masters' degrees. Seventeen percent of the teachers and 46 percent of the MBA students identified themselves as Republicans

Table 14 reports the results of the attitude survey. The results are mixed. On the whole, the teachers' responses can be characterized as "pro-markets," with a mean score of 65 on the overall summary question 22, which refers to

TABLE 14 ATTITUDES OF WISCONSIN SOCIAL STUDIES TEACHERS AND MBA STUDENTS TOWARD THE MARKET SYSTEM

Question Number	In my opinion, the market system in the U.S. . .	Wisconsin Social Studies Teachers Mean % Agreement	MBA Mean % Agreement
1	leads to an unfair distribution of income	54	35
2	rewards people fairly for their productivity and hard work	61	67
3	encourages unethical business behavior	59	43
4	leads to quality and technological advancement in products and services	81	86
5	leads to inadequate amounts of important public services (police, roads, preventative health care)	45	30
6	provides opportunities and incentives for success	78	85
7	encourages greed and excessive materialism	73	56
8	allows equal access to work opportunities	50	58
9	leads to erratic cycles of growth and decline in economic activity	54	44
10	raises the living standards for most people	64	74
11	leads to monopoly power among businesses	62	38
12	leads to an efficient use of resources	47	69
13	encourages the abuse of the environment	68	52
14	leads to unemployment and worker insecurity	48	39
15	leads to excessive risk of business failure	46	36
16	requires a lot of government control to work well	45	30
17	allows too much foreign competition	39	31
18	provides consumers the goods and services they want	80	83
19	provides employment opportunities to all who desire	66	74
20	encourages innovation and entrepreneurship	82	83
21	provides goods and services at an affordable price	69	75
22	overall and in summary, I believe that the market system in the US is a fair and ethical system	65	79

the U.S. market system as "fair and ethical." This score is considerably higher than the score of 50 that would denote a mid-point between the two extreme possibilities for responding ("Total agreement" and "No agreement"). Moreover, the teacher's average score for 11 "market positive" questions was 67.5, indicating agreement with pro-market views.

But quite a different picture emerges when the teachers' responses are compared with responses from the MBA students. On 22 out of 22 items (11 of them "market-positive" and 11 "market-negative"), social studies teachers evaluated the market economy of the United States less favorably than the MBA students did. The differences were statistically significant at the 99 percent confidence level for 16 of the 22 items. On the overall "fairness" question (item 22), for example, the score for MBA students was a high 79, in contrast to the teachers' score of 65. On item 6 ("provides opportunities and incentives for success"), the score for MBA students was 85, in contrast to the teachers' score of 78. And social studies teachers were more likely than MBA students to believe to agree with market-negative items, including the following:

- Leads to an unfair distribution of income.
- Encourages unethical business behavior.
- Leads to inadequate public services.
- Leads to monopoly power among business.
- Does not lead to efficient use of resources.
- Encourages abuse of the environment.
- Requires substantial government control to work well.

We do not wish to over-interpret this mixed set of results. Merely juxtaposing attitudinal differences between the two groups does nothing to show which group has more insight. But the findings do describe social studies teachers as likely to come at their work with an ambivalent attitude toward market systems. In this respect the findings fall into place alongside other evidence about the status of economics and financial education in Wisconsin's schools, elaborating a discouraging profile.

LEADERSHIP FROM PRIVATE GROUPS

Against this background of neglect and ambivalence among educators, some private, voluntary, not-for-profit groups have worked to correct the problem, each using a somewhat different approach.

Economics Wisconsin

Since 1963, Economics Wisconsin (sponsored by the Wisconsin Council on Economic Education) has focused mainly on providing economic and financial education to elementary and secondary school teachers to help them gain competence and confidence to teach about the U.S. market economic system. More than 4,000 teachers annually participate in the programs of Economics Wisconsin. Its courses and workshops often feature curriculum materials developed by the National Council on Economic Education on such topics as basic economics for grades kindergarten through grade 12, personal finance for grades kindergarten through 12, middle and high school materials on saving and investing, and curriculum materials for teaching high school economics and Advanced Placement Economics. The teachers are trained primarily at Centers for Economic Education housed on college and university campuses around the state (including Edgewood College, UW-LaCrosse, UW-Milwaukee, UW-Oshkosh, UW-River Falls, UW-Stevens Point, St. Norbert College, and UW-Whitewater). Economics Wisconsin also offers direct programs, such as the Stock Market Simulation, to teachers and students. Economics Wisconsin estimates that, through its teacher education programs, it is able to reach 100,000 to 600,000 Wisconsin students annually.

Junior Achievement of Wisconsin

Junior Achievement of Wisconsin (JA) seeks to teach young people to value free enterprise, business, and economics, thus helping them to improve the quality of their lives. The primary assumption of JA is that students are

best taught by volunteers from the business community. Besides business people, JA volunteers include college students and retirees. Volunteers typically visit classrooms once a week, for about 45 minutes per visit, over the course of sessions ranging from six to ten weeks. Programs vary widely. Elementary school programs focus on seven themes about the U.S. economic system. Middle-grades programs focus on business practices in the United States; they also address career interests and opportunities. High school programs stress the U.S. free-enterprise system. Junior Achievement of Wisconsin has local offices in Brown County (Green Bay), Kenosha County, Marathon County (Wausau Area), the Metro Milwaukee Area, Fox Cities, Northwest District (Eau Claire Area), Oshkosh, Portage County (Stevens Point), Rock County (Beloit/Janesville Area), Racine, Shawano, and Sheboygan County. Over 117,000 students statewide participate in JA annually.

Business World

Since 1982, the Wisconsin Manufacturers and Commerce (WMC) Foundation has operated a summer program for teachers and students called Business World. The goal of Business World is to familiarize teachers and high school students with business in Wisconsin. The program is delivered through two week-long sessions each summer; more than 600 students and 100 teachers attend each session. Teachers and school administrators tour companies, meet with human resources managers, and speak to company employees. Students participating in Business World form small "companies" and work with an adviser (a Wisconsin business person) to complete on-line simulation activities and explore career options. Business World receives support in the form of scholarships provided by Wisconsin businesses, service groups, and foundations.

Leadership from the State

In January 2002, working in tandem with the Wisconsin Department of Financial Institutions, Governor Scott McCallum appointed a Task Force on Financial Education. The Task Force met for more than six months, focusing on the following topics:

- Financial literacy
- Financial skills and knowledge
- Best practices and funding sources
- Roles and needs of educators
- Family financial literacy

After reviewing documents and presentations from state and local experts regarding economic and financial education in Wisconsin, the Task Force concluded that Wisconsin's economic future hinges on its businesses' and citizens' ability to understand fundamental financial tools and to be leaders in the adoption of innovative financial methods and products (Governor's Task Force on Financial Education, 2002, p. 4). Toward that end, the Task Force issued several recommendations (see Appendix 1), including the following:

- Financial education standards should be developed and incorporated into the Wisconsin's Model Academic Standards for economics standards.
- Assessment of students' financial understanding should be strengthened — either through adoption of a new standardized test in personal finance and economics to be administered in grades 8 and 10 at least once every two years, or by strengthening the current state assessment system to include more questions on economics and personal finance.
- While personal finance and economics should be addressed at several places throughout the K-12 curriculum, each school district in Wisconsin should offer at least one course (during grades 9-12) in personal finance and require students, beginning in 2008, to complete it in order to graduate from high school. The required course should be based upon the Task Force's recommended financial education standards and grounded in the DPI's newly developed model economic standards.
- A public/private entity should be established and authorized to take the lead in developing model curricula for use in helping school districts as they develop courses in personal finance and economics.

- Teacher certification rules should be made flexible enough to allow teachers from related fields (such as social studies, business, family and consumer education) to teach financial and economic education courses.

In addition to working with the Governor's Task Force, the Department of Financial Institutions has also provided statewide leadership for economic and financial education in other ways. It launched the JumpStart Coalition in Wisconsin — an organization that coordinates efforts among state organizations and individuals interested in improving economic and financial education. It has been involved in conducting Money Conferences in Madison, Milwaukee, and Beloit for parents and teachers. It has helped to organize the Wisconsin Institutes on Financial Education, conducted at Edgewood College and UW-Milwaukee.

The experience of the Governor's Task Force provides another illustration of how difficult it has been to elicit leadership from Wisconsin's educators for projects related to economics and financial education. While the Department of Financial Institutions, a state financial regulator in securities and banking, played a lead role in setting the Governor's Task Force agenda, leadership from the Department of Public Instruction was nowhere to be found. State Superintendent of Education Elizabeth Burmaster was invited to serve on the Task Force, which met six times on the UW-Madison campus, essentially in the Superintendent's backyard. Participating Task Force members drove to Madison from all regions of the state, largely at their own expense. Key state legislators, representatives from the private sector, public school officials, and other members rarely missed a meeting. Superintendent Burmaster did not attend one session. She declined an invitation to address Task Force members, sending a DPI curriculum officer to speak in her place. Information about Task Force meetings, routed through the DPI, failed to reach some key DPI staff members until the work of the Task Force was nearly complete. The message from the DPI came across clearly: We are not in this together; we don't do economics and financial education.

SUMMARY AND DISCUSSION

The U.S. economy is marked by a strong and vibrant private sector. Activity mediated within it touches the lives of all Americans, day in and day out. But the principles and institutions central to the economy remain a mystery to many young people. Despite this anomaly, Wisconsin's public education system has failed to address economics and financial education in a serious manner.

- Economics and financial education are ignored in state law (Chapter 118) regarding the curricular obligations of local school districts.
- Economics and financial education are slighted in the state's Education for Employment Program.
- Economics and financial education are represented weakly in the state's Model Academic Standards and, thus, in the state's program for assessing student learning.
- Relatively few school districts require high school students to take courses in business or economics, and relatively few students take such courses as electives.
- At a premier teacher training program in the UW System, most teachers in training take no coursework in business or economics, notwithstanding their professional obligation under PI 34.15(2) to attain knowledge of content represented in the state's Model Academic Standards.
- Social studies teachers — the teachers most directly responsible for teaching economics in Wisconsin's high schools — regard market systems ambivalently.
- Efforts to bolster economics and financial education in the state draw more support from non-educators than from educators.

Bad consequences of two sorts follow from the state's failure to provide adequately for economics and financial education. One has to do with the public's ongoing interest in developing an informed electorate, capable of applying at least a basic level of economic understanding in the analysis of policy issues. Knowledge about economics does in fact shed light on such things as how price ceilings in a given sector affect the supply of goods and services in question, or how tax rates affect private-sector decisions about investment. Economically literate voters are better able than others to assess the likely costs and benefits of policy proposals addressed to such topics, and less likely than others to be misled by the special pleading of interest groups. This does not mean that economic literacy entails a particular political outlook. A voter well informed about the effects of price ceilings on supply might favor one policy proposal or another regarding prescription drug prices, for example, but in settling on a position he or she would

be capable of assessing the economic and non-economic goals and trade-offs at stake. Armed with this sort of understanding, an economically literate citizenry in Wisconsin would make it easier for elected officials of both parties to resist interest group pleas aimed at helping a few Wisconsin citizens at the expense of many. Done right, economic literacy would lead to cleaner and more efficient state and local government.

Bad consequences of the other sort have to do with people's private interest in providing well for themselves. Many fail to do so, for various reasons including ill health and discrimination. Among the reasons, however, poor economic choices loom large. Economic and financial education can help people directly to think through the decisions they must make about investing in themselves, managing spending and credit, launching business ventures, and improving their asset holdings. This sort of education is especially important for college students, people making their start from low- and moderate-income families, and people in "unbanked" households. Their capacity to provide well for themselves, moreover, intersects with the public's interest in protecting itself from the consequences of imprudent or ill-advised private conduct.

Everybody is in favor of having an informed electorate, of course, and everybody is in favor of fostering prudent, well informed judgment to be exercised by people young and old in the conduct of their everyday affairs. Moreover, Wisconsin is a state that takes pride in its reputation for leadership in public education — from foreign language instruction for elementary school pupils early in the twentieth century to more recent initiatives in inter-district transfer programs, School to Work, Project SAGE, and voucher and charter school programs. It is therefore curious that legislators and educators have failed to display strong leadership in establishing economic and financial education as a top priority in the state's system of public education. It is especially odd given the high approbation with which such leadership would be met. We suggest three possible explanations.

First, parents and other citizens may be disinclined to focus on economics and financial education as a problem area in school programs. Not feeling well-informed in these areas themselves, many simply would lack the confidence needed to press for steps in a new direction. Moreover, parents of young children are apt to be preoccupied with the instruction their children receive in early reading and mathematics, and parents of older children served poorly in the early grades no doubt continue to worry about those basic areas of learning. Affluent parents may feel complacent about their children's life prospects, assuming that the actual content of K-12 schooling doesn't matter much so long as graduation leads to matriculation at a selective college or university. And parents generally may be unaware that most of Wisconsin's young people will never study economics, business, or personal finance anywhere in the K-12 program. In a state education system that otherwise showcases its commitment to a sweeping array of curricular objectives, parents might suppose, due attention must be provided somewhere to basic economics and financial education.

Second, Wisconsin has a rich history of public-sector hostility toward the private sector. Under the leadership of Fightin' Bob LaFollette, the state pioneered efforts associated with the Progressive movement to reform society through regulatory legislation to be imposed on businesses — presumed threats to American democracy (see Hofstadter, 1955, pp. 227ff.). The celebrated "Wisconsin Idea" was a concept for harnessing the skills of lawyers, economists, sociologists and political scientists from UW-Madison for use in staffing administrative and regulatory bodies of state government (Hofstadter, 1955, p. 155). Other strands of the tradition include the socialist roots of Wisconsin's largest city, the consistent rank of Wisconsin nationally as a high-tax state, and the dominant role of public-sector labor unions such as the Wisconsin Education Association Council (WEAC) in influencing state policies.

Many public school educators see themselves as heirs to the Progressive legacy. They do not work in the private sector themselves (unless they moonlight). They are oriented to the redistribution of wealth, not the generation of it, for school funding. They assume that services provided by the public sector are egalitarian and humane while market processes support greed and vulgar excess. Given the commonplaces that buoy up this ideology, "virtually every aspect of education is characterized by an antimarket bias, . . . all the more insidious because it is seldom recognized" (Lieberman, 1993, p. 287). Among educators, therefore, some questions of curricular policy take on an aura that goes beyond the practical. In addressing these questions, educators do not view the curriculum simply as a means to an end — weighing evidence about how effectively certain programs of study might help children learn how to read, for example, or how to take account of inflation rates in assessing investment options. Disdaining means-ends practicality in these cases as a low-order value, educators approach the curriculum as if it were a forum, seeking to project their identity and legitimate their status aspirations within it (see Kliebard, 1995, pp. 247-251). For self-described legatees of Progressivism, projecting identity and legitimating status means ensuring a preeminent place in school programs for the study of history and government. Conceived and presented according to assumptions of

Progressivism, the study of history and government might be used to teach young people how important it is to *stand apart from* the private-sector world, intellectually and morally, not to defend it or work within it. Educators viewing the private sector in that light would be unlikely themselves to push for strong programs in economics and financial education, and they would respond with skepticism or hostility to efforts others might make on behalf of such programs.

Third, groups that do favor strong programs in economics and financial education teaching may have decided, at least tacitly, that this is a battle they cannot win. It is not a mere accident that state law and state regulations are weak when it comes to economic and financial education. WEAC and the DPI have made their anti-market bias clear in hard-fought, ongoing opposition to market-oriented reform initiatives in the state. In the schools over which they preside, not much can be expected for economics and business education. For substance and innovation, we must rely instead on groups like Economics Wisconsin, Junior Achievement, and Wisconsin Manufacturers and Commerce. In other words, economic education is an expensive luxury for those who want it. To have it, we pay twice: once through taxes on naïve people who think economics is part of the normal school curriculum, and again through financial support of voluntary organizations that strive to shore things up while leaders in Madison conduct education as an economics-free zone.

With notable exceptions, therefore, Wisconsin's business leaders have occupied themselves in other ways, turning their attention to more immediate concerns where they might succeed. They are worried about tax increases and workforce development. They are worried about Wisconsin's business climate. What they need first and foremost from the state is a good tax climate, reasonable regulations, and employees with the necessary skills. Only the most enlightened Wisconsin business leaders can sustain an interest in trying to help young people understand market institutions and the basics of personal finance. Most are fully occupied in trying to run their businesses while keeping an eye on the state government and a hand on their wallets.

RECOMMENDATIONS

1. The Governor should establish an independent commission responsible for improving economic and financial education in Wisconsin. A board made up of appointees from several business sectors, private not-for-profit organizations, state foundations, and public schools should supervise this commission.

Rationale: The DPI has shown no inclination to provide strong leadership for improving economics and financial education. It is not oriented to the task. The time is right to hand the task over to a body willing and eager to take it on.

2. In consultation with the Department of Financial Institutions and the DPI, the independent commission should pursue improvement according to the following priorities:

- Bolster the Model Academic Standards in economics by including within them a new component of standards in personal finance.

Rationale: Personal finance currently has no official place in the state's Model Standards. Educators therefore have no incentive to address it. Placing standards for personal finance within the economics domain makes sense conceptually and practically. Economics concepts and principles help to explain concepts and principles of finance, and teachers qualified to teach in one of the two areas might qualify without extensive retraining to teach in the other area as well.

- Oversee development of a model standards-oriented curriculum for grades kindergarten through 12, including a detailed scope and sequence plan, to assist school districts in improving economic and financial education.

Rationale: Because K-12 teachers generally have weak backgrounds in economics and personal finance, they would benefit from access to a focused, amply developed model curriculum informed by state and national standards and shown by experience to be effective in fostering student learning.

- Oversee development of a model high school course in economics and personal finance, including field testing and assessment of student learning. As warranted by field testing and assessment data, the commission should seek legislative action to establish the course as a statewide requirement for high school graduation.

Rationale: Assessment data show that instruction affects student learning in economics and financial education. Students who study economics outperform students who do not. Moreover, the required high school course would provide focus and direction for economics and financial education throughout the K-12 program.

- Work with vendors, teachers, and measurement consultants to develop an ample set of test items referenced to the revised economics and personal finance standards, for use in Wisconsin's program of statewide assessment of student learning.

Rationale: Economics is represented weakly in the state's assessment program now, and personal finance is not represented at all. There is no technical obstacle standing in the way. Realization of the potential claimed for standards-based reform depends upon adequate representation of major curricular areas in the examinations as well as the standards.

- Work with Social Studies educators statewide to move toward subject-specific testing in the five Social Studies areas: Geography, History, Political Science & Citizenship, Economics, and the Behavioral Sciences.

Rationale: Current testing practices yield scores for an umbrella category, "Social Studies." Item analysis of scores can provide some information about student learning in the five component areas. But item analysis requires extra effort, and the information to be gained is meager because the number of items for each of the five areas may be small. As a result school districts cannot easily use test results in focused efforts to analyze and strengthen their programs. Breaking the sub-areas loose for stand-alone or at least partially disaggregated testing (e.g., two areas tested in depth each year, on a rotating basis) would provide better information to educators in all of the Social Studies areas.

- Pursuant to PI 34.15(2), work with DPI staff members and college and university academic officers to ensure that teacher training programs in the state include economics and financial education among the content knowledge areas for which prospective teachers will be tested.

Rationale: The state has decided that prospective teachers should demonstrate content knowledge in areas represented by the Model Academic Standards. That includes economics, and a strengthened set of Standards also would include financial education. Care should be taken to see that economics and financial education do not somehow get eased out of this forthcoming testing program, as they were nearly eased out of the now-abandoned high school graduation test.

- Seek flexibility in teacher certification rules to enable qualified business education teachers to teach courses in economics.

Rationale: Business education teachers often have better backgrounds in economics and personal finance than social studies teachers do.

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APPENDIX

RECOMMENDATIONS APPROVED BY TASK FORCE JUNE 20, 2002

STANDARDS AND ASSESSMENTS

Standards: The Task Force recommends that financial literacy education standards be created based upon those developed by the Task Force's Financial Skills Work Group [listed separately]. These new standards should all be incorporated into the Wisconsin economics model academic standard and also incorporated into other academic standards as appropriate in the next DPI review cycle, 2004 (see Appendix J on page 43).

AND

Assessment: The Task Force recommends that a significant assessment of student financial literacy be conducted by school districts to enable Wisconsin to assess the level of improvement in student financial literacy.

This can be done either through:

- a. A new stand-alone statewide standardized test in personal finance and economics that would be created and administered in grades 8 and 10 at least once every two years to measure the impact of the new financial education standards on students. The assessment should be integrated into the Wisconsin Student Assessment System. Testing should begin in 3-4 years to allow school districts and DPI/DFI time to prepare; or
- b. Conducting a meaningful assessment of student financial literacy as part of the Wisconsin Student Assessment System — including more questions on economics and personal finance.

K-12 COURSES

While personal finance and economics should be included at several places in the K-12 curriculum, the Task Force recommends that each school district in Wisconsin must offer at least one required course (during grades 9-12) in personal finance for high school graduation. The required course should be based upon the Task Force's recommended financial education standards and grounded in DPI's newly developed model economic standards (see the *Standards* recommendation on page 10). This graduation requirement would apply to students graduating in 2008.

The newly created public/private entity recommended by the Task Force (see *Partnership & Funding* recommendation below) would, as part of its responsibility, take the lead in developing model curricula to assist school districts in developing coursework to include experience-based opportunities in personal finance and economics.

PARTNERSHIP & FUNDING

The Task Force recommends that the governor create a public/private consortium charged with promoting and implementing financial education in Wisconsin. Activities of this consortium might include:

- a. Coordinate financial education among state agencies. The Task Force recommends that the Governor assign DFI and DPI to work together in a leadership role in order to facilitate this collaboration.
- b. Develop model curricula to guide the development of financial and economic education in Wisconsin schools, communities, and businesses.
- c. Encourage development of business/education/community partnerships to support financial literacy.
- d. Identify existing financial education collaborations.
- e. Provide accountability, set a goal for a degree of improvement expected, measure success and progress, and prepare an annual report.
- f. Develop experience-based financial education opportunities with community organizations.
- g. Access and advocate for the necessary funds in support of financial education in Wisconsin.
- h. Develop incentives to promote the learning/experiencing of financial education.
- i. Other activities that the consortium determines necessary to fulfill its charge.

TEACHER PREPARATIONS

The Task Force recommends that teacher certification rules should be made flexible enough to allow for the certification of teachers (such as social studies, business, family and consumer education, and others) who have demonstrated or can demonstrate an ability to teach financial and economic education.

COMMUNITY-BASED FINANCIAL EDUCATION

The Task Force recommends that communities be encouraged to provide financial education programs and develop age-appropriate, experience-based learning programs for teaching of financial literacy (see *Clearinghouse* recommendation below).

The Task Force recommends that the public/private consortium identify and adapt curriculum for grass-roots and workforce educators to promote financial skills (see *Partnership & Funding* recommendation previous page).

CLEARINGHOUSE

The Task Force recommends that the public/private consortium (see *Partnership & Funding* recommendation previous page) maintain a Wisconsin clearinghouse of effective models for financial education and programs that successfully address standards for financial education.

INCENTIVES

The Task Force recommends the development of a variety of incentives to encourage financial education and financial responsibility.

PUBLIC RELATIONS

The Task Force recommends that the Department of Financial Institutions develop a public relations strategy on the importance of financial education/skills in a variety of venues (e.g., state fairs, newsletters, workshops, public and cable television, "fests," life passage points).

ACCOUNTABILITY

The Task Force recommends that the public/private consortium annually establish a goal for the degree of improvement (in behavioral, knowledge, and economic outcomes) along with clearly defined measures of success and progress. This goal and measures should be included in the consortium's annual report to the Governor.

ABOUT THE INSTITUTE

The **Wisconsin Policy Research Institute** is a not-for-profit institute established to study public-policy issues affecting the state of Wisconsin.

Under the new federalism, government policy increasingly is made at the state and local levels. These public-policy decisions affect the life of every citizen in the state. Our goal is to provide nonpartisan research on key issues affecting Wisconsinites, so that their elected representatives can make informed decisions to improve the quality of life and future of the state.

Our major priority is to increase the accountability of Wisconsin's government. State and local governments must be responsive to the citizenry, both in terms of the programs they devise and the tax money they spend. Accountability should apply in every area to which the state devotes the public's funds.

The Institute's agenda encompasses the following issues: education, welfare and social services, criminal justice, taxes and spending, and economic development.

We believe that the views of the citizens of Wisconsin should guide the decisions of government officials. To help accomplish this, we also conduct regular public-opinion polls that are designed to inform public officials about how the citizenry views major statewide issues. These polls are disseminated through the media and are made available to the general public and the legislative and executive branches of state government. It is essential that elected officials remember that all of the programs they create and all of the money they spend comes from the citizens of Wisconsin and is made available through their taxes. Public policy should reflect the real needs and concerns of all of the citizens of the state and not those of specific special-interest groups.