

# FED [ucation]

*How the Federal Reserve Bank of St. Louis' economic education programs are  
shaping today's minds and tomorrow's economy*

So, you're a typical, well-informed citizen, right? Ask yourself the following questions:

- >> What does it mean to say that gross domestic product has increased?
- >> What is a federal budget deficit?
- >> What type of investment has the greatest risk of losing value due to inflation?

The answers, respectively, are:

- >> The amount of final goods and services produced has increased.
- >> The federal government's outlays for a year are greater than its revenue for that year.
- >> Keeping your savings hidden as cash.

And if you got one or more answers wrong, don't feel bad. You have something in common with a majority of American adults, at least according to the National Council on Economic Education (NCEE), which

asked these questions as part of a quiz included in its 2005 Standards in Economics Survey, given to 3,512 adults and 2,242 students.

Based on the results of the 20-question quiz, adults got an average grade of 70 (a C) for their knowledge of economics, while the average score of students was 53—a failing grade. In its executive summary of the survey, the NCEE remarked, "A majority of high school students do not understand basic concepts in economics."

Charles Wu, a senior at Marquette High School in west St. Louis County, Mo., isn't one of them.

## Taking the Fed Challenge

On an unseasonably warm afternoon in late January, while his classmates headed outdoors into the sunshine, Wu huddled in a classroom with five other students under the watchful eye of economics teacher Eva Johnston. Newspaper clippings were everywhere. Some of

the students sat at computers, scrolling through web pages of economic data, while Wu and others used markers to add notes to an outline that already took up several pages of a giant flip pad.

It was a big day: In the final meeting conducted by outgoing Fed Chairman Alan Greenspan, the Federal Open Market Committee (FOMC) had just voted to again

raise interest rates by one-quarter of a point, Wu and his classmates needed to decide what impact that action could have on the recommendation they would make if they were in the shoes of a monetary policymaker. They would be wearing those shoes in less than six weeks while they competed with other high school teams in the annual Fed Challenge event.

Fed Challenge, sponsored by the St. Louis Fed and other Reserve banks around the country, allows high school



CHARLES WU (CENTER) AND HIS MARQUETTE TEAMMATES ATTEND A FED CHALLENGE WORKSHOP SPONSORED BY THE FEDERAL RESERVE BANK OF ST. LOUIS.

students to take part in a mock FOMC meeting. They make a 15-minute presentation to a panel of judges and then spend an additional 15 minutes being questioned on their findings and recommendations on monetary policy.

The team that wins the St. Louis district competition heads to the national finals in Washington, D.C., where Wu doesn't need a tour guide. He and his classmates made the finals in each of his four years on the team, continuing Marquette's nine-year winning streak in the Eighth District competition.

Four for four is nice, but Wu is looking even further into his future as he ponders his career aspirations. "I'm planning to major in economics," he says. That's a far cry from how he felt when he first joined the team as a freshman on the recommendation of his math teacher, whose classroom is next door to Johnston's. "I really didn't know anything about economics," Wu says. "At the time, it was just something to do. There did come a point where I asked myself, 'What am I getting into?' Eventually, I built up my confidence."



EVA JOHNSTON

For every student like Charles Wu, however, there are many teenagers who won't learn enough about economics to gain that confidence—or even to acquire the knowledge they need to become a savvy adult in today's complex financial world. That fear—and the desire to make students like Wu the rule, rather than the exception—helps

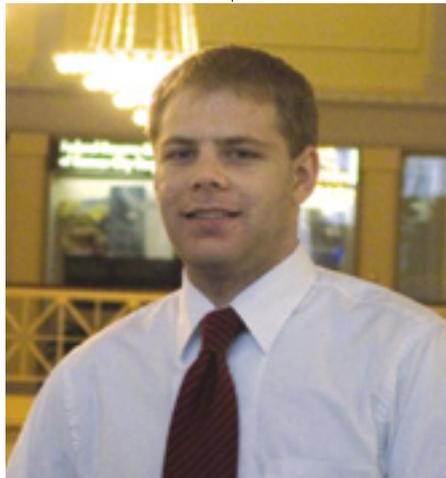
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The students who participate in the Federal Reserve's Fed Challenge event each year have a chance to experience the real-life world of monetary policymaking. For Eli Wiseman, this experience became the springboard to a Federal Reserve job.

Wiseman, who participated on Marquette High School's Fed Challenge team during his senior year, is now a research associate at the Federal Reserve Bank of Kansas City. He assists the Kansas City Fed's director of research and its economists by gathering data, providing background information and helping to research monetary policy prior to the Federal Open Market Committee meetings.

Before joining Fed Challenge, "I had no interest in economics," Wiseman says. "I didn't even know what it was."



**Eli Wiseman** >> Research Associate, Federal Reserve Bank of Kansas City

Spurred on by Marquette economics teacher Eva Johnston, Wiseman got involved and found his economic knowledge transformed.

"I think Fed Challenge was the first step toward the career that I ended up pursuing," he says.

Since then, Wiseman has found that his Fed Challenge experience has truly prepared him for real-world economics.

"The thing I noticed after doing Fed Challenge was that I could actually understand some of these banking and financial programs that are on the news or in the Wall Street Journal," he says.

"I think it's good to be informed both as a consumer and as someone in the business world—to know what the Fed is doing on a regular basis and to understand why they're doing it."



FIND IT [\[here\]](#)

The St. Louis Fed offers a variety of economic education programs and resources.

**S**ome of the major economic education programs, conferences and publications offered by the Federal Reserve Bank of St. Louis include:

**Annual Teachers Conference:** Held at all four District offices, this conference focuses each year on a different topic that is of interest to teachers and students—and applies economic concepts to these topics. Previous conferences have dealt with the economics of the Great Depression, the economics of sports, and the issues surrounding the U.S. government’s financial deficit and Social Security. The conference features presentations from District education specialists and St. Louis Fed Research economists as well as materials on how to share that topic in the classroom.

**Professors Conference:** This District-wide conference for college and university faculty (pictured above), held every February in St. Louis, has drawn increased interest in recent years. The main focus of each conference is the economic outlook, with faculty learning more about how to find and use the St. Louis Fed’s economic data sources. An additional topic is covered each year, as well: The 2006 conference focused on economic relations between the United States and China.

**Making Sense of Money and Banking:** Elementary and secondary school teachers throughout the Eighth District are invited to attend this annual seven-day course in St. Louis to learn more about money and banking concepts, such as the difference

between a stock and a bond, how the payments system works, how a bank creates money and what happens at an FOMC meeting. In addition to the lessons themselves, each day features a “How Do We Teach This?” segment, helping teachers apply the material in their classrooms.

**Inside the Vault:** The St. Louis Fed publishes this economic education newsletter twice a year, with the content geared toward secondary school teachers and students. Each issue features an article adapted from one of the Fed’s economic publications, such as The Regional Economist or Review. Also included are a question-and-answer segment on an economic topic and an “Economic Snapshot” explaining a current economic statistic in plain and simple terms, accompanied by a graphic.

**Economic Education Essay Contest:** Begun in 2004, the Eighth District’s Essay Contest is open to students in grades 9-12 in each of the four District regions—St. Louis, Little Rock, Louisville and Memphis. The first-place student in each region wins a \$500 savings bond. Topics vary each year. Last year’s contest, titled “The Economics of Looking Good,” asked students to weigh the trade-offs involved in spending money on new fashions and on enhancements to their appearance. The 2006 contest topic, “Finding Economics in Literature,” asks students to discuss the economic principles and concepts they find in a novel of their choice.

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drive the passion of Dawn Griffitts, a former teacher who has managed the St. Louis Fed's economic education programs for more than 10 years.

"The Fed has the knowledge and the means to teach others about economics, and we certainly have a comparative advantage in teaching about the role of the Fed in the economy," says Griffitts. "If we don't get out and talk about economics and the Federal Reserve, who will?"

In this annual report, Griffitts and her St. Louis

Fed co-workers join with economic education experts, teachers and students to share their thoughts on Fed Challenge and the many other St. Louis Fed courses and programs that promote economic education—and why shaping today's young minds is so critical to the Fed's economic mission of tomorrow.

### **The Fed Enters the Classroom**

The Eighth District has been a supporter of economic education for decades, hosting teacher meetings and providing expert speakers. That role became more proactive in the mid-1990s with the hiring of Griffitts, who began shaping a new direction for the program. The new direction



included providing economic education curriculum and lesson plans and instructing teachers in how to use those materials.

Today, teachers remain the primary target audience for the Fed's economic education programs. "Having been a teacher, I know that teachers teach what they know, and they don't teach what they don't know," Griffitts says. "If they don't understand economics, and they

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Last spring, when St. Louis Fed economist Mike Pakko traveled to Washington, D.C., for the weekend, he spent most of the time hunkered in a hotel room discussing economic data. He probably won't get much sightseeing done when he returns to the nation's capital this spring, either.

But Pakko considers that a small sacrifice compared with the hours of research and studying put in by his annual traveling companions—the winning team from the Eighth District Fed Challenge competition, representing the St. Louis Fed in D.C. at the national finals.

Since 1998, Pakko has served as a coach for the Eighth District high school teachers and students who participate in Fed Challenge, a national competition in which students take part in a mock Federal Open Market Com-

mittee (FOMC) meeting and make their own monetary policy recommendations.

Pakko joined the Fed in 1993. He helped initiate the Eighth District's Fed Challenge

program after he heard about the New York Fed's involvement in the program.

Fed Challenge isn't the only educational endeavor on Pakko's resume; he teaches macroeconomics to college students at St. Louis University. The high school students he coaches for Fed Challenge compare favorably with their older counterparts, he says.

"These kids are definitely the cream of the crop," Pakko says. "And Fed Challenge is a great experience for them. They're getting practical insight into the world of economics by learning about the Federal Reserve. This isn't learning from textbooks; this is real life."



**Mike Pakko** >> Research Economist, Federal Reserve Bank of St. Louis

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don't understand issues, and they don't understand topics like the deficit and its impact on the economy, they're not going to talk about those subjects in the classroom."

And what happens in the classroom can have a ripple effect in society at large, as students grow up to be adult decision-makers, says St. Louis Fed Public Affairs Officer Joe Elstner.

"We have a democracy in which citizens make decisions, including economic decisions, based on the information they have," Elstner says. "But even people with plenty of education in the field of economics often don't really know the intricacies of monetary policy-making. At the Fed, that's an important function that we know the public needs to understand better."

The need for greater public understanding of economics in general and the Fed's monetary policy mission in particular is also apparent to economic education experts in the Eighth District, such as Mary Suiter, the director of the University of Missouri-St. Louis Center for Entrepreneurship and Economic Education.

"Both kids and adults have misconceptions

about what the Fed is and what the Fed does," Suiter says. "Many believe the Fed is printing money and giving it to banks. What they hear and read through the media is sometimes inaccurate, too."

Suiter often works in tandem with another economic education specialist, Mary Anne Pettit, associate director of the Office of Economic Education and Business Research at Southern Illinois University in Edwardsville. They serve as advisers for Griffitts'



STUDENTS FROM BEAUMONT HIGH SCHOOL IN ST. LOUIS ATTEND A FED CHALLENGE WORKSHOP SPONSORED BY THE FEDERAL RESERVE BANK.

## VOICES [heard]



programs, helping her to shape curriculum and present material at events such as the economic education conference held throughout the District each fall and the “Making Sense of Money and Banking” course that takes place in St. Louis every summer.

“Society is not going to support and protect the Fed’s role and its independence if they don’t understand it,” Pettit says. “That won’t happen if they look at the Fed as a mysterious ivory tower. Our system works best if everyone understands how the Fed works and knows that they have a stake in the outcome.”

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The Fed’s teacher advisory boards provide valuable input on economic education programs.

*Economics isn’t a state requirement where Sam Rego teaches, at Butler Traditional High School in Louisville.*

*But the subject is an integral component of Rego’s accounting classes—and by being a member of a St. Louis Fed teacher advisory board, Rego is helping to make economics the foundation of education in the Bluegrass State.*

*“It’s a tough battle balancing between what the teachers are required to teach and what they want to teach,” says Rego, “but it’s easier to do that working with the Fed through its advisory boards.”*

*Teacher advisory boards are a critical component of the Fed’s economic education efforts, serving as the antennae for collecting input and opinions from teachers throughout the Eighth District.*

*Each advisory board is composed of approximately a dozen educators. (Some have businesspersons, as well.) The board’s main function is to tell Federal Reserve education specialists what educators need, what works and what doesn’t, and how educators and the Fed can better help each other.*

*Most board members are middle and high school teachers like Rego, because the bulk of the Fed’s materials and assistance is geared toward those students. But some boards include a few primary and higher education teachers, such as Betty Evans, a second-grade teacher at Monticello Elementary School in Monticello, Ark.*

*“I think these advisory boards are one of the best things that could happen to spread the word to other educators that economics needs to be in the schools at all levels,” says Evans. “It’s especially critical now. With all the national emphasis on reading and math, we can’t neglect the social studies, especially economics.”*

*David Ballard, the St. Louis Fed’s economic education specialist in the Louisville Branch, agrees, adding, “We’d never want the advice of these talented teachers to go to waste—they do this unpaid on their own time, after all—so, we make sure that we’re doing everything we possibly can to help them advance economic education.”*



BILLY BRITT (TOP RIGHT), ECONOMIC EDUCATION COORDINATOR AT THE ST. LOUIS FED'S LITTLE ROCK BRANCH, POSES WITH STUDENTS FROM LITTLE ROCK CATHOLIC HIGH SCHOOL FOR BOYS, WHICH WON THE BRANCH'S FED CHALLENGE AREA COMPETITION.

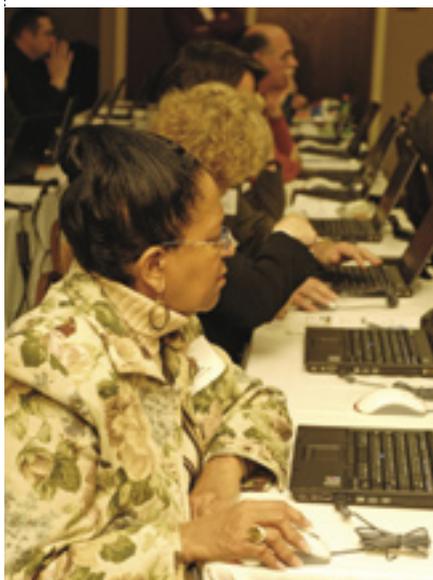
Fed  
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## “A Tremendous Resource for Teachers”

Coordinating a variety of publications and conferences throughout the year can be a tall order, particularly as the St. Louis Fed continues to add more economic education programs each year. Fortunately, Griffitts and her fellow economic education coordinators at the District branches have help.

For starters, they rely heavily on the advice, assistance and materials contributed by experts



from state councils and centers on economic education, such as Suiter and Pettit. They also take advantage of the expertise of the Fed’s own Research economists. In addition, they get a big boost from the District’s teacher advisory boards—groups of teachers throughout the District’s seven-state territory who meet with Fed staff regularly to share input on economic education programs.

“In all of our offices, we have contacts who can deliver hands-on activities that complement the

raw knowledge we have available at the Fed from our economists,” Griffitts says. “And our teacher advisory board members are wonderful in helping us to get ideas and to stay current with what’s going on in the economic education field.”

The Fed’s courses, programs and materials are “a godsend” for teachers such as Peggy Pride of St. Louis University High School. She teaches advanced placement economics and relies heavily on the Fed’s

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MARY ANNE PETTIT



**T**om Zehnder doesn't go to many teacher education workshops. They remind him of a bad trip to the dentist.

"Just about all of them are about as fun as getting a root canal," says Zehnder, a long-time economics and history teacher at Trinity High School in Louisville and a part-time college professor. "They're painful. But the Fed workshops are different. I get so much out of them that I can use in the classroom."

The St. Louis Fed's annual teachers conference takes place in late summer or early fall. Teachers listen to Fed economists talk about the latest economic news. The economists encourage lots of discussion, and they bring plenty of handouts.

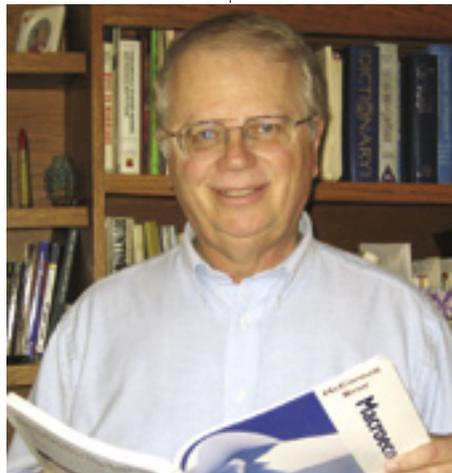
One year, after a guest economist complemented his talk with a PowerPoint presentation, Zehnder remembers photo-copying

the PowerPoint and bringing it to a college classroom that evening—hot off the presses, so to speak.

"One of the great things is that you're getting the latest information about international trade or monetary policy from an expert," Zehnder says. "The textbooks just can't do that."

Zehnder has attended the conference for several years. He likes that the information he gets is meaty enough not just for middle and high school students, but also for his college students at the University of Louisville and Bellarmine University.

Some lessons in economics, Zehnder confesses, can "bog down so much, it'd drive a saint mad." The Fed conference is not like that, he says. The economists offer real-life examples, not a bunch of theory. "It's practical," Zehnder says. "It's really good stuff."



**Tom Zehnder** >> Economics and history teacher and part-time college professor at Trinity High School, University of Louisville and Bellarmine University, Louisville

## Beyond the Classroom

The St. Louis Fed's economic education specialists are connecting with teachers and organizations across the Eighth District.

*St. Louis Fed Manager Dawn Griffitts has been sounding the charge for economic education for the past 10 years. In 2004, when the branch offices began changing their focus from financial services to public programs, Griffitts' efforts got a boost, with each branch hiring an economic education specialist: David Ballard in Louisville, Jeannette Bennett in Memphis and Billy Britt in Little Rock. Griffitts still covers the St. Louis zone and oversees the District's economic education efforts, working with branches on creating programs and contributing to the Federal Reserve System's initiatives.*

*"Teachers don't just stumble upon the Federal Reserve and our programs; we have to find them," Griffitts says. "Our three specialists are quite dedicated to that goal. Their past histories as educators give them a lot of credibility, which is a terrific asset when they meet with teachers."*

*To fulfill their mission, the three specialists:*

- support District programs such as the annual teachers conference and the economic education essay contest;
- contribute to *Inside the Vault*, the District's economic education newsletter;
- host teacher economic education workshops;
- attend regional and national education conferences; and
- build contacts with teachers, organizations and state councils throughout their areas of responsibility.

*Success is measured in how well they reach teachers. Since the expansion of the branch economic education programs in 2004, an increasing number of teachers have been using the District's resources, participating in workshops and signing up for the economic education mailing list, Griffitts says. "It shows that the Fed is fulfilling a need—and teachers are looking for what we're providing," she says.*

*To promote economic education—and to increase understanding of the Federal Reserve itself—the three specialists build contacts with teachers and educational organizations throughout their zones. Spreading the word involves more than holding workshops or passing out materials. It involves building contacts and relationships.*

*Ballard likes to get as creative as possible when talking to teachers, using such innovations as the *Econ Café*. Conceived as "the Starbucks of economic education," the *Econ Café* is a place where teachers can share resources and have meetings with Ballard. The cafes are located off-site from the Louisville Branch. They are operated by the Kentucky Council on Economic Education and funded by local businesses.*

*In the Memphis zone, Bennett plans to hold a third Mississippi statewide workshop in conjunction with the Atlanta Fed. "We work with other Reserve banks because, even though our boundaries cut through the middle of states, we're still dealing with the same situations as Chicago or Atlanta; so, it makes sense to pool resources with those banks," Bennett says.*

*The specialists also partner with as many state and teacher organizations as possible. For example, this year Britt will be presenting state banking history at an Arkansas history workshop in conjunction with the Arkansas Council on Economic Education. "Most everyone who attends these workshops or uses the materials is thrilled," Britt says. "One teacher even wished a workshop had been a full week."*



Billy Britt, Little Rock



David Ballard, Louisville



Jeannette Bennett, Memphis

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publications, data, web sites and other materials.

“The Fed is a tremendous resource for teachers,” she says. “If you are teaching any type or amount of economics in the classroom, there is just no way you won’t benefit by relying on their materials.”

Teachers like Pride are most grateful for not only the information that the Fed presents at its events and conferences, but also for the materials that help transform the subject matter into a classroom lesson for kids. “We give them lessons that they can literally take right back to school and plug into their teaching, usually with few changes,” says Griffiths.

These events and resources educate teachers about not only the Fed and its mission, but



also economics in general—a subject that, like the Fed itself, is often plagued by misunderstanding and misconceptions. With that bond in common, the Fed has joined forces with educators in a continuing campaign to persuade the public—and politicians—of the critical role of economics in school curriculums, even at the elementary level.

### **Never Too Young to Learn**

Say the word “economics” to a group of adults, and you’re likely to inspire dreaded flashbacks of overhead projector slides and con-

fusing line graphs. As a field of study, economics could use some PR help, Suiter admits.

“In general, economics gets a bad name,” she says. “People think of it as just supply and demand charts. They ask us, ‘How can you teach this to kids, and why do they need to know it?’ My answer is that we’re teaching kids how to make good decisions. We’re teaching them that scarcity exists and that you can’t have every-

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**S**orry kids, but...  
There is only so much ice cream in the world, and only so many factories that make it.

How to teach such lessons in scarcity to students is part of what teachers learn through the Arkansas Council on Economic Education, which hosts one-week workshops and other programs to help teachers in grades K-12 explain the economy to their students.

About 350 teachers in rural, urban and suburban school districts attend the workshops every year at one of six university-based Centers for Economic Education, says Donna Wright, associate director of the Arkansas Council.

"These are teachers who understand the value of teaching their students real-life skills," Wright says. "In kindergarten, you

provide lessons that you can't have everything you want. As the students get older, the teachers talk about financial literacy, decision-making, entrepreneurship, and supply and demand."

High school students can compete in the Economics Challenge and test their knowledge of open markets, monetary policy and similar subjects. In the popular Stock Market game, students in grades 4-12 must make smart investment decisions as they manage hypothetical \$100,000 portfolios.

"Students always want to know how they can apply what they're hearing in the classroom," Wright says. "In economics, they are learning financial literacy, how to keep a check record, the importance of investing and how to be a wise decision-maker today and tomorrow."



**Donna Wright** >> Associate Director, Arkansas Council on Economic Education, Little Rock

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thing you want. You have to prioritize and make choices.

“Economics provides a framework for making decisions. If more kids and adults had that framework, they would also make better political decisions and be more informed voters.”

Most of the St. Louis Fed’s programs are open to teachers at all levels, including elementary, middle and high school. Suiter and her co-workers at the UM-St. Louis center have developed programs for kids at every grade level, including a program for first- and second-graders called “Do a Zoo.”

“Do a Zoo” invites children to bring in stuffed animals, classify them (as a fish, reptile or mammal) and choose which animals to include in a zoo display that will be attended by their classmates.

“In making choices, they’re using economic decision-making and learning about opportunity cost and how to

choose between scarce resources,” says Suiter. “They also learn about capital resources when they set up the display.”

At the elementary school level—and even when they’re a few years older—kids have a tendency to believe that they can have everything, Pettit says.

“I don’t think young people understand that

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ST. LOUIS FED ECONOMIC EDUCATION  
MANAGER DAWN GRIFFITTS  
(FOREGROUND) LEADS A TEACHER  
ADVISORY BOARD MEETING.



**T**he chess club is great. Varsity football gets the glory. But being on the Fed Challenge team, well, that's something extra-special.

"If you look at the time, dedication and the intellect that's required, it beats any activity on campus," says Camille Collins, an economics teacher at Germantown High School in suburban Memphis and an advisor to the school's Fed Challenge team.

The students study, they do research and, then, at the annual Fed Challenge competition in the spring, they must answer complex questions about the economy.

A Fed economist asks the questions at the regional Challenge. St. Louis Bank President Bill Poole quizzes students at the

Eighth District competition. So, the students better do their homework—and they do.

"We had one girl on our team, and this was amazing, but Dr. Poole asked her a

question from a speech he had given earlier that week, and this girl recited the speech almost verbatim," Collins says.

Many of Collins' students major in economics in college. They certainly understand how important economics is in everyday life.

"Learning economics is one way to learn how to be a productive citizen," says Collins, who was honored as Tennessee's

Economic Educator of the Year in 2001 by the University of Memphis' Department of Economics. "As for me, it helps me keep up with everything going on in the world."



**Camille Collins** >> Economics teacher, Germantown High School, Memphis

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you have to trade off and make choices,” she says. “Studies show that kids have already made a lot of decisions by the time they get to sixth grade, such as what they’re spending money on and what they’re going to do. If you’re going to make an impression on kids and their choices, you need to get to them early.

Simple programs such as “Do a Zoo” can get that lesson across in a fun and painless manner, Pettit says. “Sometimes we make things more complex than they are,” she says. “You can’t teach



monetary policy to second-graders, but you can teach opportunity cost. Taking economic concepts and making them simple is helpful for all of us. You’re opening minds and turning lights on.”

### **Working Economics into the Classroom**

Even if teachers don’t question the value of economics for young students, squeezing it into the curriculum presents more of a challenge. The old adage of “reading, ‘riting and ‘rithmetic” has taken on a new mean-

ing in recent years. The U.S. government’s No Child Left Behind Act of 2001 holds schools accountable for student test scores in reading and mathematics. President George W. Bush’s recently announced American Competitiveness Initiative urges schools to focus more on math and science.

As a result, teachers are forced to focus on those areas at the expense of

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TEENAGERS LEARN ABOUT MANAGING PERSONAL FINANCES AT A ST. LOUIS FED "YOUR PAYCHECK" WORKSHOP IN QUINCY, ILL.



**The Rule of 72**

To find # of years needed to double money:

$$\frac{72}{\text{Interest Rate}} = \# \text{ of years needed to double your money}$$

To find interest rate needed to double money:

$$\frac{72}{\text{years you want to invest}} = \text{Interest rate needed to double your money}$$

**Meet Your Money!**

THE FUNDING IS A LIMITED-TERM INVESTMENT  
IT DOES NOT HAVE A MARKET VALUE

THE FUND IS SUBJECT TO INTEREST RATE CHANGES  
THE FUND'S VALUE WILL FLUCTUATE UP OR DOWN  
OVER TIME

THIS IS NOT A BANK ACCOUNT OR A SAVINGS ACCOUNT  
IT IS A MUTUAL FUND. THE FUND IS A SEPARATE  
INVESTMENT OPTION IN A MUTUAL FUND





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other subjects—such as economics, Suiter says. “So, if we want economics to be taught, our best hope is to find a relevant way to integrate it into the rest of the school curriculum.”

At St. Louis Fed classes and conferences, teachers of economics-only usually find themselves in the minority, Griffitts says.

“We have social studies, history, government, busi-

ness education, math and even some language arts teachers,” Griffitts says.

For example, the St. Louis Fed’s 2003 fall teachers conference focused on the economics of the Great Depression.

“We had lots of history teachers attend, many of whom had never heard the economic perspective on the Great Depression before,” Griffitts says. “They had mostly heard only the historical perspective. We gave them another way to think about it and to teach it.”

The annual Teach Children to Save Day event, in which volunteers from the Fed and community banks talk to elementary school children about the importance of personal savings, uses lessons based on children’s books. This approach merges economics with reading.

In fact, economics can actually spice up other subjects for kids—rather than the other way around, Suiter says. “Kids are intrigued by money. If you can hook them by talking about money, you can infuse a lot more economics into the



material to improve their knowledge.”

Integration of economics into other subjects is likely to remain the rule in American classrooms, with only about one-third of states requiring high school students to take economics. As a result, there is less incentive for districts to make room for pure economics classes on the schedule. There are some

encouraging signs for the future, though. Illinois and Kentucky already require students to take a personal finance course prior to graduation. Mississippi and Arkansas both require a course to be offered. Missouri will now require high school students to earn a half-credit in personal finance, starting in fall 2006.

### **Saving Our Future: Economics and Personal Finance**

These new requirements are part of a growing trend among not just educators but community

development experts, as well. Whether adults or children are the audience, educators are concerned about the lack of personal finance knowledge and skills, as evidenced by Americans' low rate of saving and high rate of credit-card debt and bankruptcy.

The Federal Reserve has taken a leading role in the personal finance education campaign, sponsoring programs for both adults and students and taking part in events such as Teach Children

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ST. LOUIS FED RESEARCH DIRECTOR BOB RASCHE TALKS ABOUT THE FED'S ECONOMIC DATA SOURCES AT THE 2006 PROFESSORS CONFERENCE.

**T**he 105 high school seniors in Peggy Pride's advanced placement economics class at St. Louis University High School already have a strong background in social studies and history.

They're ready to work hard and aim high in setting goals for their future—and to immerse themselves in the study of economics.

Pride has attended the St. Louis Fed's seminars and workshops and used the Fed's materials for more than a decade. She is a member of the teacher advisory board for the Fed's St. Louis office, helping to give feedback and make recommendations about economic education programs.

In October 2005, the Global Association of Teachers of Economics gave Pride its first-ever John Morton Teacher of the Year award.

The Fed's materials work for any level of economics and for any subject, whether it's history, social studies or government, Pride says. "You can tie all kinds of eco-

nommic concepts to articles that appear in the Fed's publications."

And her students won't have to become economists to put those concepts into practice, she says.

"My major goal is to produce better citizens who are well-informed and have good thinking skills," Pride says.

"Economics does that because it's about decision-making.

"You become a better voter and a better citizen in terms of what decisions you're making in the community, and you understand how your life is affected by your own personal decisions."



**Peggy Pride >>** Advanced placement economics teacher, St. Louis University High School, St. Louis

## Life Lessons

As more adults struggle to manage their money, personal financial education for kids is a hot topic.

*Balancing a checkbook, opening a savings account and understanding a credit-card agreement are skills that are critical to adult success—but can be learned at a young age. These days, teachers are becoming more involved in introducing children to the world of personal finance.*

*“We can’t assume that all children are taught practical economic skills; so, the responsibility often falls to public education to ensure kids learn those lessons,” says St. Louis Fed Economic Education Manager Dawn Griffiths.*

*These days, unfortunately, the words of teachers might be a better guide than the example of adults. With debt at record-high levels and saving continuing to decline, personal financial education has become a hot issue not just in classrooms but also in communities. The Federal Reserve System took a high-profile role starting in 2002 when it rolled out “There’s a Lot to Learn about Money,” a national initiative to promote financial literacy and encourage more programs in schools and neighborhoods.*

*Since then, the St. Louis Fed has stepped up its involvement in personal financial education in its own district, including efforts such as the following:*

- *The Fed joined the Teach Children to Save initiative, in which volunteers from banks visit area classrooms and talk with first-, second- and third-graders about budgeting, the importance of saving, recognizing needs*

*and wants, and how interest makes money grow.*

*The St. Louis Fed participated for the first time in 2005, with 46 employees visiting schools to talk to more than 2,300 kids, and will continue its involvement in 2006.*

- *St. Louis Fed employees helped to create and introduce the Your Paycheck program, a community initiative in which college student volunteers teach a two-hour course about managing personal finances to working teenagers who, in many cases, are earning their first regular paycheck. Fed employees created and produced the Your Paycheck curriculum and class materials and also trained college student volunteers from Quincy University in Quincy, Ill., and Culver-Stockton College in Canton, Mo.*
- *The St. Louis Fed’s Community Affairs employees have launched adult personal financial education programs in cities throughout the District, covering topics ranging from getting out of debt to buying a home.*

*With financial services products and technology becoming more complex, the need for these programs will only increase in the future, says St. Louis Fed Community Affairs Officer Glenda Wilson.*

*“Our ultimate goal in supporting these programs,” Wilson says, “is to ensure that kids and adults have the real-life skills they need to be knowledgeable consumers, responsible citizens and effective participants in the global economy.”*



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Skills Class for Youth**

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to Save Day. “Personal finance is an application of economics,” Griffiths says. “You have to make choices, and every choice you make incurs a cost. Clearly, that is the foundation for making good personal financial decisions.”

Teaching children about saving money is taking on added urgency now given the mistakes adults have made, Suiter says, noting that the U.S. saving rate is now negative (with consumers spending \$100.05 in 2005 for every \$100 they made) for the first time since the Great Depression.

“You can’t change the world in one day with one lesson, but we want to draw attention to the need to save,” she says.



“The negative saving rate is a wake-up call: We have to help kids realize the importance of saving.”

Ultimately, the key to successful economic education is to help students realize how it can improve not just the

future of others, but their own economic outlook, says Pettit. Your next job, your career, fulfilling your lifelong dreams—all can revolve around the economic decisions you make.

“What we’re hoping is that they will be more aware of the choices they’re making and that life is a trade-off,” Pettit says. “I’m not saying you have to have money to be happy, but with any path you choose, it’s important to understand that you are making a choice and there is a cost. Economic education, done properly, makes that point.” ■



## For more information:

- **on the St. Louis Fed’s economic education programs:** Go to our economic education web site at [www.stlouisfed.org/education](http://www.stlouisfed.org/education). Visit the “Teacher Resources” page to sign up for our economic education mailing list.
- **on the Federal Reserve System’s online economic education resources:** Visit our economic education portal, [www.federalreserveeducation.org](http://www.federalreserveeducation.org). The site contains links to Fed publications, web sites and resources that can help educate the public about the Federal Reserve, economics and financial education.
- **on the Fed’s personal financial education resources:** Visit our personal financial education site at [www.federalreserveeducation.org/pfed/](http://www.federalreserveeducation.org/pfed/).