



**NASAA**

**NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.**

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April 29, 2002

The Honorable Ralph Regula  
Chairman  
Subcommittee on Labor, Health and Human Services, and Education  
Committee on Appropriations  
2306 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable David R. Obey  
Ranking Member  
Subcommittee on Labor, Health and Human Services, and Education  
Committee on Appropriations  
2314 Rayburn House Office Building  
Washington, D. C. 20515

RE: Funding for the Excellence in Economic Education Act of 2001

Dear Mr. Chairman and Ranking Member Obey:

The North American Securities Administrators Association, Inc., (NASAA) organized in 1919, is the oldest international organization devoted to investor protection. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

Many state securities agencies have established an investor education department in their divisions. In 1999, NASAA created a section committee that is devoted to investor education to reflect its heightened importance to our members and their education efforts. Through NASAA, members have developed questions for investors to ask before committing capital to any investment; provided straightforward information about mutual funds, and created a list of ways to spot fraudulent investments and con artists. As an example of our efforts, NASAA, along with the SIA, just released a new investor education brochure, "Understanding Your Brokerage Account Statements." Written in easy-to-understand plain English, this brochure will answer any questions the average investor may have about how to read his or her account statement.

On behalf of state securities regulators, I would like to respectfully request funding an important program authorized in the No Child Left Behind Act of 2001 (the Act). We wholeheartedly support Subpart 13 of the Act, The Excellence in Economic Education

Act of 2001. The purpose of this subpart is to promote economic and financial literacy among all students in kindergarten through grade 12 by awarding a competitive grant to a national nonprofit educational organization that has as its primary purpose the improvement of the quality of student understanding of personal finance and economics. Grants from the Excellence in Economic Education Act of 2001 program must be spent to, among other things, strengthen and expand the grantee's relationships with state and local personal finance, entrepreneurial and economic education organizations.

NASAA is a founding partner of Financial Literacy 2010 (FL2010), a national non-profit campaign that works with high school teachers to increase the personal finance savvy and investment knowledge of high school students. FL2010 was created by the non-profit Investor Protection Trust (IPT); the National Association of Securities Dealers (NASD) Office of Individual Investor Services; the North American Securities Administrators Association (NASAA); and the National Institute for Consumer Education (NICE) at Eastern Michigan University.

The success during the last three years of the free, five-unit instructional handbook, "Basics of Saving and Investing: A Teaching Guide," inspired the campaign's second teaching guide: "Personal Finance for the Economics Classroom." The new instructional handbook designed specifically for high school economics instructors has been shipped out to more than 10,000 teachers. As with the previous teaching guide, the new FL2010 instructional handbook is free and customized for each state. A new feature of the economic guide: Each of the five units of the teaching guide will be correlated to key economic standards and the relevant economic teaching standards for each state.

We are also requesting that the Congress approve the administration's request of \$385 million for the Innovative Education Programs line item. This program is a state-administered formula grant program designed to improve the quality of local education reform efforts. Specifically, NASAA believes there is considerable merit in states and local education agencies using these resources to improve the quality of various financial literacy initiatives.

Over the last ten years, the United States has been transformed into a nation of investors. Over half of all Americans are now invested in the securities markets. Many individuals have become investors because they participate in employer-sponsored 401(k) programs. These days, people have to manage their own money, yet rarely do they have the necessary background to do it wisely. During the last few months, the Enron bankruptcy has tragically brought to our attention the fact that many individuals are ill-equipped to make their own investment decisions. We must act upon the realization that we will never overcome this deficiency without fully incorporating financial literacy into our education systems.

Without basic personal finance education, investors are less savvy in making important financial choices. That is the primary reason NASAA supported the Excellence in Economic Education provision in H.R. 1, and is pleased that it is retained in P. L. 97-110, the No Child Left Behind Act of 2001. Unfortunately, this program was not funded for fiscal year 2002, and we urge you to appropriate funding for fiscal year 2003. This

program has overwhelming bipartisan support because of the recognition that personal finance decisions determine the quality of one's future.

As most Americans have become investors, there is an obligation to ensure individuals have a basic understanding of the principles of savings and investing, as well as preserving their accumulated wealth. Every day, it becomes more apparent that there is a population of investors who are ill-equipped to make critical financial decisions for their lives.

We understand you have difficult decisions to make regarding the vast number of educational programs to fund. Today, it takes knowledge of financial literacy basics just to keep up. We urge you to provide the funding necessary to fund the personal finance grants included in the Excellence in Economic Education Act of 2001

We would be pleased to provide additional information to you about the investor education initiatives of NASAA. Please don't hesitate to contact Deborah Fischione House, NASAA's Director of Policy at 202-737-0900 if we may be of assistance to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph P. Borg". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

Joseph P. Borg  
NASAA President  
Alabama Securities Director

cc: Labor, Health and Human Services and Education Subcommittee Members