

**August 8, 2007****Good Scores Reported on National Economics Test****By SAM DILLON**

The nation's high school seniors performed significantly better on the first nationwide economics test than they did on other recent national exams in history and science, and demonstrated a better understanding of basic market forces like supply and demand than officials expected.

Results of the economics test, which was administered last year, are being released this morning. A summary report is available on the web at [nationsreportcard.gov](http://nationsreportcard.gov).

The Department of Education translates student scores on the test, known as the National Assessment of Educational Progress, into three achievement levels: advanced, proficient and basic. On the economics test, 42 percent of 12th graders performed at or above the proficient level, and 79 percent performed at or above the basic level. An economics course is required for graduation in only about one-third of the states.

"The numbers here are pretty good, really," said Darvin M. Winick, the chairman of the bipartisan body set up by Congress to oversee the test. "Given the number of students who finish high school with a limited vocabulary, not reading well and weak in math, the results may be as good or better than we should expect."

In contrast, only 13 percent of 12th grade students performed at or above proficient, and only 47 percent performed at or above the basic level on the national assessment test in history that was administered last year. On a similar test in science in 2005, only 54 percent of 12th grade students performed at or above the basic level, and just 18 percent at or above proficient.

Bruce L. Damasio, a high school economics teacher in Towson, Md., who is president of the Global Association of Teachers of Economics, said the economics results showed that "many of our 12th grade students have a pretty good grasp of the logic of economics."

"But when we look at the questions they can answer and the ones most of them get wrong, we see that many students are pretty shaky on the terminology of economics and on the actual ways that government and financial systems work," Mr. Damasio said.

Mr. Damasio cited a question that asked students to identify the most likely effect of an increase in the hourly wage of babysitters. Eighty percent of students answered correctly that the time spent by teenagers on babysitting would likely go up while the time they spent on other activities would decrease, he said.

But on a multiple choice question that asked students to identify one of the policy tools of the Federal Reserve, only 21 percent chose the correct answer, "buying and selling government securities." Thirty seven percent incorrectly chose "increasing or decreasing government spending" and another 31 percent chose "raising or lowering income taxes," he said.

"This means that students haven't learned that Congress and the President determine federal spending," Mr. Damasio said.

The Department of Education periodically administers the nationwide tests in reading, mathematics, science, history, civics, geography and the arts. But last year's assessment in economics was the first in that subject since the federal testing program began in 1969.

A nationally representative sample of 11,500 twelfth-grade students in 590 public and private schools participated in the exam.

The test questionnaire asked students to list any economics courses they had taken in high school. Although a minority of states require economics classes, 87 percent of seniors reported some exposure to the subject in high school.

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But the effect of that exposure was surprising. The test scores of students who had taken economics courses were not necessarily higher than those who had not. On average, students who had taken Advanced Placement, International Baccalaureate or honors courses in economics scored marginally higher than students who had taken no economics at all. But students who had taken “consumer economics” or business courses tended to score lower.

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# Test Finds 42% of Seniors Proficient in Economics

'Results Are Not Discouraging,' Says Official

By Michael Alison Chandler

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One out of 10 high school seniors who took a new national test could analyze the impact of the unemployment rate on the economy. Two out of five knew enough about tariffs to determine why domestic industries would push for them. And three out of five could identify factors that drive up the national debt.

Those were some of the key results released this morning from the first National Assessment of Educational Progress to measure economics literacy among high school students. NAEP for decades has measured proficiency in reading, math and other subjects through periodic examinations given to a sampling of students.

Known as the nation's report card, the federally funded test turned to economics because of a rise in the past 20 years of high school economics courses, officials said. Officials also pointed to the rising importance of fluency in the language of markets, finance, labor and related topics in an increasingly global economy.

"While there is clear room for improvement, the results are not discouraging," said Darvin M. Winick, chairman of the National Assessment Governing Board, which oversees policy for the NAEP tests, in a statement before a news conference in Washington this morning. "Given the number of students who finish high school with a limited vocabulary, not reading well, and weak in math, the results may be as good as or better than we should expect."

Slightly more than four out of 10 12th-graders tested, or 42 percent, demonstrated proficiency in economics, the data showed. That meant they were able to identify and apply important economic concepts in national and international arenas, according to a news release, as well as work with key terms in personal finance.

About 11,500 students were included in the nationally representative sample from 590 public and private schools.

Economics courses are required for graduation in only about a third of the states, the study found, but 87 percent of seniors reported some exposure to economics in high school. The study found achievement gaps among demographic groups similar to the historic trends in reading and math. Fifty-one percent of white students scored at or above proficient on the test, compared with 16 percent of black students and 21 percent of Hispanic students.

In other findings:

\*\*72 percent of test takers described a benefit and a risk of leaving a full-time job to further one's education;

- \*\*60 percent identified factors that lead to an increase in the national debt;
- \*\*52 percent identified how commercial banks use money deposited into checking accounts;
- \*\* 40 percent determined why industries can successfully lobby for tariff protection;
- \*\* 32 percent identified how investment in education can impact economic growth; and
- \*\* 11% analyzed how a change in the unemployment rate affects income, spending, and production.