

**MEMO# 6576**

January 18, 1995

## **RESULTS OF PILOT PROGRAM AND PROPOSED PLAN OF ACTION**

January 18, 1995 TO: ICI EDUCATION FOUNDATION BOARD No. 1-95 RE: Results of Pilot Program and Proposed Plan of Action

ICIEF's pilot program to introduce mutual funds into secondary-school curricula has been operational for a full year. We have trained nearly 400 secondary-school teachers in 9 pilot cities (Boise, Boston, Cincinnati, Denver, Houston, Kansas City, Minneapolis, Palm Beach County, and Richmond). With the exception of a few private and parochial schools, most of the teachers trained are public high-school teachers, with 40% from suburban schools, 35% from urban, and 25% from rural. They will spend from 30 minutes to a full semester on the topic of mutual funds with an average time commitment of four or five class periods in courses that range from business, math, and economics to personal finance, consumer education, and life management skills. During the pilot period, we have tested and refined teacher training methods and materials, solicited member feedback within pilot cities, tested all identifiable economic education distribution channels, and generated media coverage within all pilot cities. Conclusions reached in each of these areas are outlined below, followed by strategic recommendations for moving forward.

Lessons Learned from the Pilot.

1. The video, Mutual Fundamentals, and accompanying teacher and student materials are well suited for their intended use.
2. Teachers will use ICIEF materials in the classroom provided they receive adequate training.
3. A four-hour workshop is sufficient to train teachers in the use of ICIEF materials.
4. No single distribution channel is capable of distributing mutual fund teacher training and classroom materials nationwide.

A. The Securities Industry Foundation for Economic Education (SIFEE) network is motivated by the need for a popular product, i.e., the Stock Market Game—that can be used as a revenue source to finance other activities.

B. The high-school financial planning network of the Department of Agriculture's Cooperative Extension Service is amenable to serving as distribution channel, but its coverage of metropolitan areas representing the highest density of mutual fund ownership is weak.

C. The Newspaper in Education network of the American Newspaper Publishers Association is motivated by the need to link programs to classroom sales of local newspapers.

D. Networks of the National Council on Economic Education (NCEE), the National Coalition for Consumer Education, and the National Institute for Consumer Education are all in search of those programs that offer the greatest potential for raising revenues.

- 5. ICI member companies in pilot cities—particularly those staff active in training, educating, and community relations—report a variety of applications for Mutual Fundamentals, including classroom use, teacher training seminars, Saturday youth seminars, student and teacher internships, and children's camps and hospitals.
- 6. The Mutual Fundamentals program generates favorable publicity for the mutual fund industry and considerable goodwill among secondary-school teachers.

Proposed Strategy.

1. Broaden the base of membership support.

A. Expand the

ICIEF Board from 4 to 12-15 industry leaders committed to education. B. Conduct a series of local ICIEF workshops to train interested ICI member staff on the use of the materials; continue to collect data on member usage. C. Schedule a Mutual Fundamentals training session for ICI's Human Resources and Training Working Group. 2. Build allegiance among multiple distribution channels over time. A. Hire a program director devoted full-time to distribution of ICIEF training and materials. B. Continue training workshops in pilot cities, as requested by cosponsors; add other sites from among applications in hand, as resources permit. C. Maintain an open dialogue with SIFEE, NCEE, and other networks. D. Sponsor a training conference in Summer 1995 for USDA's financial planning reps; condition participation on the rep's agreement to conduct local teacher training thereafter. E. Investigate technological solutions for delivering teacher training more cost-effectively (e.g., videoconferencing). 3. Update the curriculum materials annually as a vehicle for continued contact with teachers previously trained; continue to collect and analyze data from all participating teachers. 4. Continue to generate publicity for the program, as resources permit. Proposed Funding. Under the scenario outlined above, total annual Mutual Fundamentals costs are estimated at \$375,000 (see attached budget). ICIEF receives income of about \$70,000 (net of expenses and the journalism awards program) from the SEC Procedures Conference and, beginning in 1996, expects income of about \$100,000 from the CCH conference. Thus, for 1996 and beyond, a budget of about \$200,000 is projected. I recommend we raise these funds through a combination of an ICI annual contribution from surplus and an annual fundraising campaign among ICI members and service providers. C. Richard Pogue cc: Jon Fossel President ICI Education Foundation

Annual Budget Proposal

|                                   |   |  |
|-----------------------------------|---|--|
| Projected Income:                 | Securities Law Conference                 | \$200,000                                  |
| CCH Conference (1996)             | 235,000                                   | Interest Income                            |
| 14,000                            | Total Income:                             | \$449,000                                  |
| Projected Expenses:               | Administrative (personnel and overhead)   | \$150,000                                  |
| Securities Law Conference         | 85,000                                    | CCH Conference (1996)                      |
| 135,000                           | Speaker Reimbursements, other conferences | 3,000                                      |
| Journalism Awards                 | 45,000                                    | USDA Training Conference                   |
| 75,000                            | Teacher/Member Training Workshops         | 50,000                                     |
| Curriculum Materials              | 100,000                                   | Staff Travel (other than training-related) |
| 2,500                             | Dues, Subscriptions, Clipping Service     | 2,500                                      |
| SIFEE SMG- Symposium Contribution | 2,000                                     | Legal Fees                                 |
| 1,000                             | Miscellaneous                             | 1,500                                      |
| Total Expenses:                   | \$652,500                                 | Fundraising Required:                      |
| \$203,500                         |   |  |