

National Assessment of Educational Progress
NAEP 2012 Economics Assessment
Commissioner Statement
National Center for Education Statistics

Today I am pleased to release the results of the 2012 12th Grade Economics Assessment, conducted as part of the National Assessment of Educational Progress, or NAEP. This was our second economics assessment. NAEP first added economics to its list of assessment subjects in 2006 due to the growing emphasis on economics instruction at the high school level. In 2012, over two-thirds of students reported that they had taken either an advanced or a general economics course. About 90 percent of students said they had some form of economics-related instruction.

For this assessment, we had a national sample of almost 11,000 twelfth-graders in 480 schools. We assess economics at the national level and have no results for the individual states. Student performance is presented in two ways— as average scale scores on a 0–300 point scale and as percentages of students at various achievement levels. The NAEP achievement levels—*Basic*, *Proficient*, and *Advanced*—are determined by the National Assessment Governing Board, which sets policy for NAEP. NAEP scale scores tell us what students know and can do, while the NAEP achievement levels provide standards for what students should know and be able to do.

Results for 2012 are compared to those from the first economics assessment in 2006. In addition to having results for students based on such categories as race/ethnicity and gender, we also discuss student performance in terms of what students said about the ways they learned about economics.

Students answered questions in three main economics content areas: market, national, and international. Market economy questions deal with what are traditionally considered as microeconomic issues—interactions of buyers and sellers to create markets, decisions about allocation of limited resources, and how these decisions and behaviors affect the supply and demand for goods and services. Approximately 45 percent of the assessment time was spent on market economy. The national economy questions deal with macroeconomic issues, that is, the behavior of the economy as a whole including inflation, interest rates, gross domestic product (GDP), and the economic role of the federal government. Approximately 40 percent of the assessment time was spent on national economy. International economy questions measure students' understanding of

international trade—the specialization of production, the costs and benefits of specialization, and factors that influence exchange rates. International economy questions made up 15 percent of the assessment. We have separate subscale results for each of these areas.

When we look at our results, we must remember that all NAEP results are based on samples. For this reason, there is a margin of error associated with every score or percentage. When comparing NAEP results, we only cite differences that are larger than the margin of error—those that are statistically significant.

The overall scores for the two assessments were not significantly different—150 in 2006 and 152 in 2012. We also have scores for students at the 10th, 25th, 50th, 75th, and 90th percentiles. Only lower performing students—those at the 10th and 25th percentiles—had higher scores in 2012. The average score for students at the 10th percentile rose 4 points and the score for those at the 25th percentile increased by 3 points.

We can also look at student performance as measured by the percentage of students at or above a given achievement level. In 2006, 21 percent of students were below *Basic*, while 79 percent were at or above *Basic*, 42 percent were at or above *Proficient*, and 3 percent were at *Advanced*. In 2012, the percentage at or above *Basic*, which includes students at *Proficient* and *Advanced*, rose to 82 percent, while the percentage below *Basic* declined. There was no change in the percentage at or above *Proficient*, which remained at 42 percent. This reflects the pattern we saw earlier in the percentile data—improvement for lower performing students.

Looking at scores for 2006 and 2012 by race/ethnicity, we see an increase for Hispanic twelfth-graders, from 133 to 138. For the other groups—Asian/Pacific Islander, Black, American Indian/Alaska Native, and White students—the differences in scores between the two assessment years were not statistically significant.

NAEP asks students about the level of education completed by each parent. As you might expect, on average, the higher the reported level of parental education, the higher was the score. However, in 2012 it was students who said that neither parent graduated from high school who showed an increase over 2006, their average score rising from 129 to 134.

Results by gender show that male students had an average score of 155 in 2012 which was 6 points higher than the score for female students. The gender gaps in both 2006 and

2012 (4 and 6 points respectively) were statistically significant, but the change in the gap was not.

Next let's look at achievement level results for public and private school students in 2012. About 41 percent of public school students scored at or above *Proficient*, as compared to 62 percent for private school students in 2012. The 21-percentage point difference was statistically significant. There was a larger percentage of public school students at or above *Basic* and a smaller percentage below *Basic* in 2012 compared with 2006. We have no private school results for 2006 because the sample for that year did not meet the NCES reporting standards.

We asked students if what they learned in economics-related courses helped them understand various economic topics. In 2012, at least 71 percent of students said their economics courses helped them understand the U.S. economy, the international economy, current events and public policy, and personal finances. For every topic except the international economy, the percentage was higher in 2012 than in 2006.

We asked students in both 2006 and 2012 about the extent to which they relied on various types of media for information on economic issues. Not surprisingly, the percentage who said they used the Internet to a large extent increased, from 26 to 39 percent. The percentage who said they used newspapers and magazines to a large extent fell from 12 to 6 percent.

We also asked students about the extent to which they learned about economics from their families and friends. In 2012, 26 percent said they learned from family and friends to a large extent, up from 22 percent in 2006. When we analyzed responses by race/ethnicity, we also saw increases for White and Black students, but not for Hispanic, Asian/Pacific Islander, or American Indian/Alaska Native students.

Let's look at a few sample questions, taking one from each of the three content areas—market economy, national economy, and international economy.

In the market economy area, for example, students were asked what would happen in the short run to the demand for grapes if the price were suddenly to increase by a substantial amount. They were also asked to explain their answer. One student whose answer was rated as "Correct" responded as follows:

“The quantity of grapes demanded will decrease because the higher prices will discourage customers to buy grapes and it will encourage customers to buy substitute products that cost less.”

Nine percent of students gave a “Correct” answer. Seventy percent of students gave a “Partially correct” answer, because they stated that the quantity demanded would decrease but failed to provide a correct explanation.

Now we’ll look at a question that assessed students’ knowledge about the national economy. This multiple-choice question asked students to select the item most likely to cause an increase in employment. Seventy-four percent correctly selected the answer option that indicated an understanding that an increase in consumer spending is likely to cause an increase in employment, while an increase in interest rates or a decrease in either business investment or income (mentioned in the other answer options) would not be likely to have such an effect.

Finally, we’ll look at a question involving the international economy. This multiple-choice question asked students to select the option that described one way that economic growth can help a nation reduce its poverty level and increase its standard of living. Fifty-five percent chose the correct answer, “Economic growth increases the demand for labor, thereby raising income levels.”

The 2012 Economics Report Card provides all of this information and much more, including additional information on all the questions mentioned here. Furthermore, the website <http://nationsreportcard.gov> gives extensive information on the performance of students and access to released assessment questions through NAEP’s Questions Center. The NAEP Data Explorer, our online data-analysis tool, allows extensive further analysis of student performance as well.

In conclusion, I would like to offer my sincere thanks to all the students, teachers, and schools who participated in the economics assessment.