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Remarks by

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to the

2008 National Historically Black Colleges and Universities Week Conference

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Good morning. I am very pleased to join you at this conference. As an economist, but also as a former professor, one-time school board member, spouse of a teacher, and parent of two young adults pursuing higher education, I am always glad to have an opportunity to speak about the importance of education to our nation's economy and our society. This morning I am especially pleased to highlight the past and continuing importance of the nation's historically black colleges and universities. Given my audience, I may be "preaching to the choir," so to speak, on this topic, but I trust that you will appreciate the sermon.

Education is vital to our prosperity. It fundamentally supports advances in productivity, upon which our ability to generate continuing improvement in our standard of living depends. As our economy becomes more and more technologically advanced and globally interconnected, the skills, knowledge, and analytical ability that education develops are becoming ever more crucial to each individual's success. A substantial body of research demonstrates that investments in education--higher education, certainly, but also lifelong education, from preschool to mid-career training and adult education--pay high rates of return both to individuals and to our society as a whole. Moreover, the benefits of education are more than economic. By providing us with a broader view of the world, education helps each of us become the most complete person we can be. Research suggests that more-highly-educated individuals are happier on average, make better personal financial decisions, suffer fewer spells of unemployment, and enjoy better health. Educated individuals also are more likely to participate in civic affairs, volunteer their time to charities, and subscribe to personal values--such as tolerance and an

appreciation of cultural differences--that are increasingly crucial for the healthy functioning of our diverse society.

Given our responsibilities at the Federal Reserve as a central bank and financial institution regulator, we see financial education in particular as a vital part of our mission. In our increasingly complex financial marketplace, choosing a credit card, saving for education and retirement, and buying a home now require more financial savvy than ever before. To help meet these needs, the Federal Reserve supports a variety of programs and initiatives to increase financial literacy. At the regional level, many of our economic education specialists offer training seminars to help educators teach economic and personal finance topics in their classrooms.

In general, higher education is one of the strong points of the U.S. educational system. We must work diligently to maintain the quality of our educational system where it is strong and strive to improve it where it is not. In particular, we must find ways to move more of our students, especially minorities and those from disadvantaged backgrounds, into education after high school.

The historically black colleges and universities have long played a vital role in this regard. They have proud record of accomplishment, dating back to 1837 with the founding of what is now Cheyney University of Pennsylvania. Slavery and segregation cast long dark shadows on our nation's history and our society, and the historically black colleges and universities served as beacons of knowledge in the darkness. Today, they are no longer the only places a young African American woman or man can obtain an education, but they are very fine choices for many students, and not just African Americans--indeed, 90 four-year and 13 two-year institutions enroll more than 300,000

students, including more than 50,000 who are not African Americans. In 2006, these institutions conferred more than 30,000 undergraduate degrees and nearly 9,000 advanced degrees. They have maintained their relevance by building on their tradition of educational excellence and by harnessing the loyalty and support of alumni. There are indeed many distinguished alumni of HBCUs, including media personality and philanthropist Oprah Winfrey, professor and Nobel Prize-winning author Toni Morrison, former U.S. Surgeon General David Satcher, Brown University President Ruth J. Simmons, and Major General Dennis Via, among many others

I wish you a very successful conference. You have much to celebrate and, doubtless, much to discuss as you strive to find ways to carry the rich heritage of the historically black colleges and universities into the future.