

Outcomes and Evaluation in Financial Education

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The Field of Financial Education

The field is young

- 65% of programs started in the 1990's
- 75% of these started in late 90's or 2000



Organizational infrastructure is still developing

- American Savings Education Council (1995)
- Jump\$tart Coalition (1995)
- National Endowment for Financial Education (1998)
- U.S. Treasury Office of Financial Education (2002)

Knowledge and Behavior

Financial education programs provide knowledge

- Statistically significant correlation between increases in knowledge and positive financial behaviors (Hilgert & Hogarth, 2003)
- Researchers agree more work needs to be done to understand how financial education affects behavior

Meaningful evaluation needs to assess behavior

Output

- Number of students
- Hours of class time
- Materials distributed

vs.

Outcome

- Changes to level of savings/debt
- Increased use of budget tools
- Established banking relationship

What does the research say?

Positive findings from individual studies

- Specific target populations (youth, employees, adults)
- Financial education associated with positive behaviors

Inconsistency across programs

- Performance metrics vary across programs
- Evaluation techniques vary

Strong consensus that evaluation needs improvement

Findings From Evaluation Research: Youth

High school financial curriculum

- Positive long-term effect of state mandates on savings rates and wealth accumulation in adulthood (Bernheim, Garrett, & Maki, 2001)
- High School Financial Planning Program (2003-2004)
 - Continued effects three months after completion
 - ~60% reported changes in saving and spending
- Jump\$tart survey of high school seniors quiz scores:
 - 2004: 52.3%
 - 2006: 52.4%
 - 2008: 48.2%



Findings From Evaluation Research: Employees

Workplace financial curriculum

- Positive impact on participation and contribution rates
 - Significance of frequency
 - Impact varies across employee compensation levels

Impact extends to household financial behavior

- Median savings rates 22% higher
- First study to separate household and workplace (retirement) saving behavior



Findings From Evaluation Research: Adults

Evaluation of FDIC's *Money Smart*

- Tracked behavior change over intermediate term
- Pre-, post-, and follow-up survey methodology
- Reported positive behavior findings:

| Criteria | Increased | Decreased | Stayed Same |
|-------------------------------|-----------|-----------|-------------|
| Level of savings | 69% | 3% | 28% |
| Level of debt | 12% | 53% | 35% |
| Likelihood to comparison shop | 58% | 17% | 25% |

Figures may not total to 100% due to rounding

Findings From Evaluation Research: Adults

Other findings from Money Smart

- 43% without a checking account opened one
- 37% without a savings account opened one
- 26% of respondents “regularly saved money” at beginning of course; 39% did at follow-up survey
- 61% of participants who were not using a budget or savings plan at the end of the program had begun to use one by the time of the follow-up survey



Innovation in program evaluation

Marin Family Action

- “Your Money Counts” curriculum by HSBC
- Data revealed local needs and service gaps
- Pre- and post-test survey tracked behavior change
- E-Data Processing for easier processing and analysis
- Facebook for tracking college students over time



Program evaluation resources

Woodstock Institute

- *Evaluating your Financial Literacy Program - A Practical Guide*

National Endowment for Financial Education

- *Financial Education Evaluation Toolkit*
- Evaluation manual and online database of templates
- Develop a custom survey instrument for your program

University of Wisconsin Extension

- Program Evaluation and Development website

Challenges to the field

Issues in program delivery

- How to reach those that need the most help?
- How to account for variances in participant knowledge?

Evaluation methodology is not perfect

- Biases present in evaluation techniques
- Stated intentions don't always lead to action
- Behavior change takes time, requires longer follow-up



Moving the field forward

Improve program evaluation

- Build into program design, not an afterthought
- Work closely with funders to identify appropriate metrics
- Focus on outcomes not output
- Encourage practitioners to utilize existing evaluation resources
- Have a longer term follow up strategy – build relationships that can be sustained after the program is over
- Creating an industry framework for evaluation?