



## Are We Making the Grade? A National Overview of Financial Education and Program Evaluation

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## Motivation

- o Number of financial education programs has flourished, but research measuring impact has not kept pace
- o Lack of evaluation capacity
- o Lack of empirical and theoretical rigor
- o Lack of consistent measures
- o Wide range of outcomes and indicators
- o IS FINANCIAL EDUCATION WORKING?



## Overview



- o To provide an overview of the current state of financial education and program evaluation, with emphasis on *limited resource audiences*
- o To identify the challenges and realities of conducting effective program evaluations on “the frontlines”
- o To identify ways to build evaluation capacity

## Sample



Quantitative and qualitative data (2004)  
academia, non-profit organizations, the private sector, and government

- o Focus Groups
  - 8 national focus groups
  - 60 financial professionals and educators
- o Online Survey
  - Targeted national listserves (i.e., AFCPE, ACCI, AFS)
  - 436 responses; 387 valid observations

## Current State of Program Evaluation



- o Current evaluation efforts are still far from satisfactory
- o General lack of evaluation capacity and understanding of how to conduct effective evaluations
- o Evaluation is still often treated as an after thought; needs to be built into the design of the program upfront
- o Lack of attention given to evaluation at all levels
- o Need for "industry" standards for program evaluation

## One non-profit administrator commented....

"The people that typically end up [being] told that they have to do evaluation, it's 'dumped' on them and it's usually not a person that has any experience with financial education or expertise in evaluation. They're pretty much told here's your new hat, we've been told we have to do this and here's your new hat, and they don't know. It's not for lack of wanting to do a good evaluation or trying to do a good evaluation. They just don't know—it's not the right person trying to oversee it."

## On the frontlines....



"What even is an evaluation?"

"What do we mean by evaluation?"

"How do we know if participants are *getting better*? It's difficult to assess."

"What are we trying to measure? There's a lot of confusion out there."

"What constitutes a *successful*, or even *acceptable*, evaluation?"

## Barriers and Challenges of Conducting Program Evaluations

- Defining “program success”
  - Setting realistic expectations for program participants
  - Choosing appropriate outcomes and indicators based on participants’ financial situation or other external constraints
  - Identifying the stage when a participant is ready and willing to change
  - Finding “the teachable moment”



## Barriers and Challenges (conti.)

“What is driving this financial education movement? Why is it so important? What are we ultimately trying to address? Is it reducing the poverty gap in this country? Between those that have and those that don’t have. And it’s widening. And those at the bottom end of the spectrum...what we’re asking them is to build wealth. And at the same time, what we’re asking people in this country who make \$20,000 or less is: ‘Absent us raising your wages in this country, we’re asking you to build wealth, to participate in IDA programs. We’re asking you to save with the little amount of money you’re making. We’re asking you to reduce your debt burden, learn how to manage your money, and clean up your credit history with the little amount of money you’re working with. And we want you to get from point A to point B with all those constraints.’”

## Transtheoretical Model of Behavior Change (TTM)

- TTM integrates major psychological theories into a theory of behavior change.
- Used to identify the state at which individuals are ready and able to change their financial behaviors.
- Appropriate educational interventions are then tailored to meet individual’s specific needs at that particular stage.

## 5 Stages of Change

- **Precontemplation**
  - Individual not ready to take action and change behavior in the immediate future.
  - Rarely seeks help and rarely uses information.
- **Contemplation**
  - Individual is getting ready to take action and intends to change behavior in next 6 months.
  - Open to education.
- **Preparation**
  - Individual is ready to take action and intends to change behavior in next 30 days.
  - Practices behavior by taking small steps towards the goal.
  - Seeks information and support, but often concerned that changing behavior may be too difficult and they may not succeed.



## 5 Stages of Change (conti.)

### ○ Action

- Individual changes behavior and maintains behavior for at least 6 months.
- Believes they can change.
- Can control “triggers” that cause them to relapse into old behaviors.
- Has a support system to get them through challenging times.

### ○ Maintenance

- Individual has changed behavior and it has lasted for more than 6 months.
- May relapse into old behaviors, but can overcome temptations so that behavior becomes permanent.
- Can assess the conditions under which relapse might occur.
- Can establish successful coping strategies.

## Barriers and Challenges (conti.)

- Collecting data from program participants is challenging
  - Little incentive to complete evaluations (like “pulling teeth”)
  - Reluctance to divulge personal information (surveys “too personal”; lack of trust)
  - High drop out rates, low response rates, and difficult to track
  - Literacy levels (i.e., ESL, reading level)
  - Tradeoff between participation and evaluation rigor

## Barriers and Challenges (conti.)

- Designing and implementing program evaluations
  - The “PUSH” for increased rigor
  - Limitations of “one-shot” evaluations (intended vs. actual behavior change)
  - Lack of resources to conduct longitudinal studies (follow-ups and tracking of program participants)
  - Control groups help to mitigate selection bias but difficult to realistically implement
  - Evaluation process is cumbersome
  - “A rush to the finish line”

## Overcoming the Barriers

- Lack of time, staff, and financial resources
  - Increase rigor by planning more strategically
  - Focus on *signature programs* and on multi-session programs
  - Partner and pool resources

“We’re jumping into evaluating everything, instead of...taking a couple of projected outcomes or a subset of all that we work with and trying to do evaluations with those.”

## Overcoming the Barriers (conti.)

- Establishing a consistent and workable set of standards for measuring program impact
- Need for *evaluation tools* that are flexible to account for the wide range in programs (i.e., one-stop shop with survey instruments, best practices, online training workshops, etc.)
- *Financial Education and Program Evaluation Newsletter* that highlights innovative evaluation, emerging trends, practical applications, and best practices.
- Reality of program evaluation at all levels (disconnect; need better awareness of resource constraints; continued recognition of traditional evaluation methods)

## Financial Education Evaluation Toolkit (NEFE)

- Database
  - Post evaluation only with option for follow-up
  - Pre and post evaluation with option for follow-up
  - Stages to Change Evaluation
  - Train-the-Trainer
- Testing Knowledge
- Building Skills
- Taking Charge
- Manual
  - How-to-guide for grass-roots level organizations
  - Lots of examples (survey instruments, executive summary, reports)
  - Guidance on how to organize and present impact data



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