NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION

Evaluation Forum

Discussion Summary

Sept. 29-30, 2015
Washington Hilton
Washington, D.C.

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The National Endowment for Financial Education® (NEFE) hosted a forum discussing how to improve evaluation in financial education on September 29-30, 2015, in Washington, D.C. Billy Hensley, Ph.D., facilitated the discussion among 26 attendees comprised of researchers, practitioners and government representatives, covering obstacles of financial education program evaluation; the importance of minimum standards; supporting practitioner and small-scale assessment; and creating a culture of evaluation. This discussion summary outlines the scope and themes of the forum.

Obstacles of Financial Education Program Evaluation

Attendees began the discussion with an acknowledgement that evaluation in the field of financial education has achieved only mixed success: Some studies show that financial education has limited to no impact, and few studies in academic literature are made available to practitioners. There are clear obstacles to evaluating financial education, and a spirited and wide-ranging discussion touched on the following challenges and barriers.

<u>There is no standard of what constitutes financial education.</u> Any program from any organization can call itself financial education. We need to focus in on what can be called a financial education program. There are great tools and resources that are good on-ramps, but they aren't programs and should not be evaluated as such. Concerns also were expressed that financial education is a cottage industry with no barrier to entry or quality standard required. Many well-intentioned people and organizations can improve programming and having clearer examples of good paths to follow will help. As one participant noted, people within the financial education field are convinced that financial education works: The issue is converting the people we talk to and that's the bigger challenge. That hundreds of organizations are trying to do things in this space without a quality requirement hinders our cause.

<u>The financial education field is diverse, with many subsets and different demographics.</u> No survey will ever be able to cover every population served and topic covered, and each has its own lens (financial health and well-being, educational outcomes and inclusion as examples). K-12 education will look very different from adult education and adult education will look different from at-risk adult education. Because we don't have an evidence base that creates a clear narrative for the entire field, we need to examine each subset separately. Additionally, financial literacy often is part of other programming and services, especially within a social work context for very specific populations.

<u>There is a lack of agreement on measurable objectives.</u> A question that repeatedly came up is "what is the *it*?" Discussion included questions of whether to look at evaluation that improves a program or that improves outcomes for a learner, and whether or not to look at financial education as an inoculation or an intervention. Are programs or interventions more effective? Indicators for success look different for core knowledge development versus intervention management, and both are needed. Similarly, as one participant noted, basic skills and executive functioning deserve examination as well, as certain skills and brain development are necessary for financial decision making. One participant questioned whether or not the financial education field is paying attention to where a learner is on a psychological scale or

spectrum of change. She argued that financial therapy measures like financial self-efficacy and a person's sense of control are valuable skills and should be included in evaluation instruments.

Apart from the challenge of determining *what* to measure, there is a challenge on *how* to measure some valuable outcomes. For example, we know that hands-on learning is valuable and that people learn from doing. We want learners to put into practice what is taught in the classroom, but how do you quantify that?

While the idea of a single measurement is discounted, one participant wondered if there should be a core skill to focus on that follows a learner throughout his or her economic life, and that skill/knowledge acquisition should be measured if possible. Interventions for different populations operating in a crisis mode need to be measured separately. Others in the room argued that it makes sense to look at both targeted interventions and core knowledge and keep the evaluation of each separate.

<u>It's difficult to describe behavior change and even more difficult to determine length of the assessment period.</u> As one participant observed, who is to say what behavior is triggered by which intervention and when? People take different points of action. Good evaluation is expensive, time-consuming and takes expertise.

<u>There is a variance in terminology as we describe evaluation and better communication is needed.</u> Participants observed that a challenge of evaluation is understanding how we communicate what we do know to opinion leaders such as media, funders and other stakeholders. Rigorous research does exist but as several participants noted, only briefs — not actual research papers — are read by practitioners. A challenge is getting the best research out of journals and into issue briefs that are impactful to those who are making decisions.

Another main point highlighted the need to combine data with human stories to capture funding opportunities and spark action. Other participants suggested value in linking financial education measures to health, as health research is more likely to be funded. Participants clearly communicated a need to think outside of the box and think about finances in different settings. A compelling case was made for a preventive path to lay the foundation for long-term success, prior to crisis intervention.

Finally, messaging needs to be improved within evaluation. For example, one participant challenged the term "it works." What do we mean when we say that a program works? Going back to a health care analogy, treatment is needed to improve the quality of life for people with an incurable disease. Improving life is still a worthy causes even if the disease isn't cured. It's the same with financial education — we're not curing a problem, but we're improving it. And that's still valuable.

<u>There is risk to being evaluated.</u> Not everyone wants to be evaluated. There is a fear of losing funding, and a fear that data does not make for the kinds of compelling stories that engage funders.

<u>It is difficult to measure the impacts of financial education separate from the broader landscape.</u> Financial education used to be viewed as separate from regulation and choice architecture, but we now take a holistic view of financial capability and know that they all work together. Policy interventions are at play and these are all things that can move the needle. It's necessary to be surgical in determining what is making the difference.

There is a lack of agreement on what evaluation is and should accomplish within the field. One participant reiterated that appropriate expectations are necessary for a young field such as financial education. There are 144 benchmarks that can be tested, national standards and teacher training considerations to contend with. One has to look at all of the pieces and acknowledge that evaluation is a process, and it might be a 20-year process. However, evaluation is dynamic and can be achieved in small increments. For example, a participant spoke of the need to be able to say, on a policy level, that if you do these things, this outcome will occur. Changed populations, it was argued, is the Holy Grail. However, another participant asked if it's worth getting to a point before the Holy Grail. Most agreed that it is.

Doubts surfaced about ever being able to prove a success (such as retirement) with youth financial education. One participant reasoned that it's more valuable to develop executive function in a specific topic area so that an individual can reason through decisions that are best for him or her. To attach a bar of behavior change down the road is too ambitious. However, most participants agreed that it's not enough to merely gain knowledge, know terms, test well and ultimately be a poor decision maker. A learner needs to be able to reason through to an effective decision and therefore financial education needs to provide good pathways and context for decision making. Evaluation needs to be rethought not as the regurgitation of facts, but of competency and having a plan.

To wrap up the discussion on obstacles and barriers, Dr. Hensley asked attendees how we as a field can create the best learning environment and experience possible that fundamentally educates someone about personal finance. Discussion points were used to sum up a starting action plan:

- Define a common language and eliminate jargon.
- Have a sense of core knowledge development and a list of things that all Americans should know.
- Decide on common progress measures and what we should be measuring as a minimum core.
- Identify mutually reinforcing activities to direct learners to for lifelong engagement.
- Improve communication strategies when sharing information and research about evaluation.
- Identify a delivery mechanism to convey the information and implementation.

The Importance of Minimum Standards

"What is the *it?*" came up several times. In such a diverse field, there is no one *it.* It quickly became apparent that a need exists to break financial education down into different components. Youth financial education is separate from adult financial education, and adult financial education needs to be broken down into crisis interventions and foundational knowledge. There are implications in each of these areas. To start, delivery, content and communication all are different when applied to various subgroups.

Participants also brainstormed specific target groups and areas of financial education that may be important to examine in the next two years, including workplace education tied to health; interventions tied to student loans; normal aging; and financial coaching. These have timely topical relevance and different mechanics than core knowledge building. Other suggestions included the integration of financial education into other programs and disciplines such as family services, social services and housing programs.

Additional action items were discussed, including a call to:

- Identify near-term opportunity and longer-term opportunity for each subgroup.

- Summarize what we know.
- Identify where to invest research dollars in cooperation with others.
- Identify outcomes (driven by evaluation) for various subgroups, and then back up from there.
- Identify what to ultimately look for as an indicator of success, such as improved financial health or financial well-being. As one participant mentioned, financial well-being is an adult construct that can be an ultimate end goal, but an individual intervention will have its own theory of change. Any intervention or program should help improve an overall financial picture for an individual. For example, taking on a student debt burden equal to an expected salary in the future results in an improvement in financial well-being from not having too much student debt. Individual interventions flow into a bigger picture. Another participant, in talking about outcomes that can span different subgroups, mentioned planning as an outcome that resonates with different groups. For kids, maybe it's about planning for things other than money, like time or candy. For workplace financial education, maybe it's looking at insurance needs and savings so people don't have to borrow from their 401(k).
- Identify what key stakeholders care about for each subgroup. For example, when it comes to student loans, realistic levels of debt and two-year default rates are two key measures because schools care deeply about completion. Or, when looking at integration with social services such as prison re-entry, it's beneficial to look at justice reform issues and what will be counted: those who are rehoused, employed, etc.
- Discuss workplace financial education and its unique opportunities and challenges, as well as identify workplace-related outcomes requiring financial education to see the difference.
- Allow a group of funders to talk about minimum standards and to share their self-identified interests that may contribute to the field. The intent of funders can be leveraged to build a broader knowledge base.
- Write a white paper that dives further into elements of this discussion within evaluation, and then translate it for practitioners and program providers. Within the paper, define certain target audiences and integration areas as immediate needs, and then define objectives and articulate guiding principles for those groups.
- Finally, as previously discussed, create a minimum standard for what financial education programs get evaluated.

Supporting Practitioner and Small-Scale Assessment

When discussing how best to help practitioners who are assessing their financial programs, the following themes emerged:

<u>Help organizations find their value proposition and articulate outcomes.</u> To motivate organizations to evaluate their programs, participants suggested helping them to identify their value proposition and then articulate outcomes. While participants agreed that every program needs to have an outcome in mind, they also acknowledged that very few know the outcome they are trying to achieve. Organizations often don't know where to start. Participants noted that providing principles for how to come up with an outcome and frame it in a measurable way is a more valuable practice than dictating what the outcome should be.

<u>Provide practical examples instead of a logic model.</u> A point was made that instead of assuming that practitioners have patience for working with logic models and within theories of change, it might be more helpful to explain how to define an outcome and then show how to back into program activities

that tie into specific outcomes. Practical examples of this thought process may be more useful than a whole logic model.

Collectively agree on standards, benchmarks, definitions, and outcomes as a field. It was noted that in the K-12 space, there is a lot of work to be done on defining appropriate outcomes and participants questioned if we're looking at the right ones. As one participant noted, ability and knowledge gains are measurable, but may not matter much for a person who is under 18 years of age. There needs to be agreement on what we're trying to accomplish in that space.

Another participant noted that there are three sets of standards in financial education; he suggested the field choose one with the goal to get researchers, scholars, and evaluation tools to work *with* practitioners. Relational trust can build capacity within the system.

Lead by example. Instead of trying to enforce evaluation, participants seemed to prefer leading by example and providing a model to follow. One participant pointed out that once the field is able to provide outcomes that the field is collectively looking for — standards, benchmarks, definitions, and outcomes — then a game plan will be laid out for other organizations to follow. Central to this model is defining what learners will be able to do at the end of a program that they couldn't do before.

Write case studies of exemplary programs. Not only can case studies demonstrate rigorous outcomes and quality standards to practitioners, but they also can be a jumping off point for examining subgroups. In each case there is a problem of why financial education is needed, followed by outcomes. The next step is to see what evaluation and research reveals and from there identify stronger and weaker areas and to find commonalities among disparate groups.

Frame evaluation as continuous improvement. Continuous improvement avoids negative connotations and provides opportunities to build in tracking data that contributes to a knowledge base.

Creating a Culture of Evaluation

Cultivate a commitment to doing no harm. Hundreds of financial education programs have been developed with little accountability as to whether or not these programs do harm to learners. Participants agreed that a cultural shift needs to occur so that if a program is created, it's expected to be done well. Of course, the field needs to define what "doing it well" means. Participants cited a need to build more collaboration into the financial education community than has existed to this point.

Address fear from a funding and program development perspective. As one participant observed, part of the fear surrounding evaluation is an uncertainty of the level of bar one will be held against. If that expectation is stated at the outset, fear goes away because one knows where to aim. Right now there's uncertainty of where that bar is. There also is uncertainty about what happens if no effect is found. Fears may be eased if no-effect findings are communicated as productive stepping stones to improvement.

Provide a way for people to fail. Participants acknowledged that in the United States, financial education has not yet achieved a shelter from failure in the same way that other educational efforts have. Permission to fail needs to be a top priority. What participants would like to see is the importance of financial education heightened and the stakes for any one piece of research lowered.

Another way to allow for failure is to make evaluation process-based. If a practitioner follows a solid process when designing or implementing an intervention, there is no fault to be found.

Build in experimentation. We often don't recognize experimentation for what it is: everything is seen as pass/fail and it shouldn't be that way. It would be beneficial to adopt more of a research mentality into program development and share among other members of the field. One participant suggested including multiple treatment arms when conducting evaluation so we're continually trying new things.

Translate research into practice. To create a culture of evaluation, research needs to be presented in a way that is accessible to practitioners and clearly articulates what the research means for practice as well as how to apply that theory of change. All content should be informed by what the research shows and organized in an easy and accessible way.

Summary

The discussion demonstrated a need to focus evaluation efforts around specific populations and goals as a place to start to identify outcomes. It also surfaced enthusiasm for opportunities to integrate financial education into the workplace and public services. A recurring theme emerged to translate existing research as a way to provide practical examples of effective evaluation practice and to lead by example by applying those practices. Additionally, to create an expectation that evaluation is part of what we do as financial educators, we must provide tools and resources and learn from the philanthropy field that program evaluation requirements should be backed up by capacity building and examples of how to carry out the requirement. We should provide evaluation best practices to empower those working in communities to channel good intentions into good outcomes. Finally, we acknowledged that smaller working groups will better leverage intellectual capacity and areas of expertise within a large, complex field.

Next Steps

Much of the conversation acknowledged the breadth and complexity of financial education evaluation, and with it, a desire to engage in future work to spur progress in the field. Early on, it was suggested that working groups could tackle segments of financial education and for each, begin to examine existing research and evaluation, determine definitions and identify outcomes. This work would culminate in a white paper to be widely disseminated in the field among researchers and practitioners. Working groups would have the added benefit of bringing several organizations together to take on a much-needed collective voice.

NEFE will convene working groups in Spring 2016. From this work, a white paper will be written that describes the landscape for evaluation; applies rubrics for relating target groups, topics, outcomes and practices; provides a literature review on selected topics and assesses the quality of evaluation shown; and offers suggestions for the improvement of evaluation practices.