THE WHITE PAPER	PUBLIC COMMUNICATIONS	DISCUSSION

Perspectives on Evaluation in Financial Education: Landscape, Issues, and Studies

Carly Urban

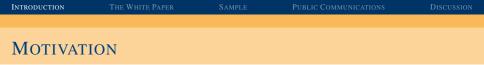


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EVALUATION IN FINANCIAL EDUCATION

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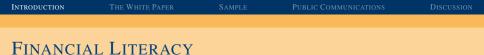
- Economic conditions have improved since the Great Recession, but financial capability remains a consistent issue:
 - 46% of Americans have saved three months of living expenses in case of an emergency.
 - 39% report ever figuring out how much they need to save for retirement.
 - Over 50% worry about running out of money in retirement.
 - Financial knowledge has actually declined since 2009, despite that perceptions of financial knowledge are relatively higher.

FINANCIAL LITERACY

Low Levels of financial literacy have been associated with:

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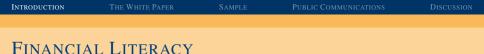
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• lower rates of planning for retirement, asset accumulation, stock market participation (Lusardi and Mitchell 2007, 2014; Lusardi et al. 2010; van Rooij et al. 2012).

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Low Levels of financial literacy have been associated with:

- lower rates of planning for retirement, asset accumulation, stock market participation (Lusardi and Mitchell 2007, 2014; Lusardi et al. 2010; van Rooij et al. 2012).
- greater use of high cost financial services and higher levels of debt (Lusardi and Tufano 2009; Meier and Springer 2010).

- Many important complex financial issues across states: credit card debt, bankruptcy, retirement saving, high cost loans, fraud, gambling, ...
- Not all states experience the same problems, or at least the same ordering of importance of those issues.
- There is not a "one-size-fits-all" policy with respect to financial education.
- Need to understand costs and benefits for specific programs and populations.

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- The wrong question: Does Financial Education "Work"?
 - Meta analyses and mass media often say "no" (Fernandes et al. 2013)
- The right question: what works and for whom in order for financial education to better serve heterogenous populations.
 - Many rigorous research studies find that well-implemented financial education can improve financial behaviors and knowledge.

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THE NEFE WHITE PAPER

Separate discussion into groups by where the financial education recipient is in the life-cycle or other distinctive attributes of the population:

- Children (ages 3-10)
- Youth (ages 11-18)
- Young Adults (ages 19-29)
- Working Adults
- Military Personnel
- Low Income Consumers

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Also separate out four important topics that affect many groups:

- Student loans
- Homeownership
- Retirement planning
- Financial Advising

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For each group or topic, we include:

- an overview of why the specific group of interest may have needs for financial education, as well as programs offered for that group/topic
- the major outcomes of interest for the specific population or topic and reviews the research findings
- optimized potential concerns with evaluations in the given context
- "public communication"-a translation of overall research findings into lay terms.

INTRODUCTION THE WHITE PAPER SAMPLE PUBLIC COMMUNICATIONS DISCUSSION

MODEL SECTION: YOUTH (11-18)

(1) Motivation and Programs

- Middle and high school students in formative years in transition from youth to adulthood.
- Students need to develop an understanding of basic financial concepts before independently entering a complex financial world.
- Financial Education requirements for high school students becoming more popular.
 - Resources: NEFE's HSFPP, CEE's FFFL, Jump\$tart's clearinghouse, NGPF, Federal Reserve System (Keys), Teacher Training from CEE & Jump\$tart, etc.

MODEL SECTION: YOUTH (11-18)

(2) Major Topics and Literature Review

- Two outcome possibilities: knowledge gains and behavior changes
- The effect of curricula on knowledge differ based on the intensity of the requirement (duration and teacher training).
- The effects of state-mandated financial education on credit behavior.
 - Pre-2000 mandates have no or small effects on behaviors.
 - Post-2000 mandates and graduation requirements improve credit scores, reduce non-student debt, and reduce delinquency.

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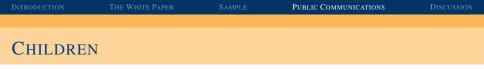
(3) Evaluation Practices, Strengths, and Limitations

- Knowledge gains studied in small populations might not translate to different populations
- Knowledge gains do not always translate to behavior changes.
- Hard to compare curriculum against each other to say what is *more* effective and for whom.
- All state mandates are not the same. Lumping them together generates inconclusive effects on financial behaviors.

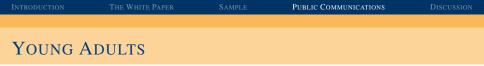
MODEL SECTION: YOUTH (11-18)

(4) Public Communication

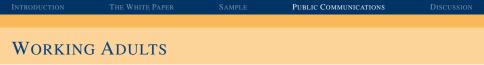
- There are costs to requiring financial education for high school graduation at the state level.
 - Teacher training
 - Displacing other courses
 - Administrative burden
- Research suggests that rigorously implemented financial education requirements improve credit scores and reduce delinquencies.
- These well-implemented requirements usually reflect the demands and challenges in that specific state.



- Early life education provides foundation for middle and high-school education.
- Financial education can be imbedded into other subjects
- This integrated framework makes it difficult to evaluate the effects financial education can have.
- Experiential learning improves financial knowledge, budgeting, and financial socialization for elementary-school students.



- Young adults entering college or the workforce face many financial decisions.
- As they begin to live independently, life changes require careful management of income and expenses.
- Mistakes at this age can be costly for years to come.
- While high school financial education can improve outcomes for this age group, college and workplace financial education can be effective.
- One policy around student loans includes requiring all students to complete the FAFSA before graduating high school.



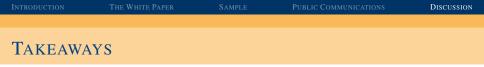
- "Opt-out" savings policies more common for workplace retirement savings.
- But these policies benefit some more than others and can actually harm some workers.
- Financial education can allow workers to customize workplace retirement savings or make more specialized savings decisions.
- Workplace financial education can also help workers to choose health insurance plans more effectively.

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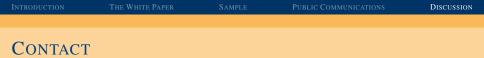
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- Face unique challenges after returning from deployment.
- Many financial education resources are available.
- Little is known about awareness and take-up of these programs.
- For those taking mandatory financial education as part of new enlistees of the Army, credit account balances decreased, delinquencies decreased, and savings improved.

- Population trying to improve financial well-being with fewer resources.
- Traditional education generally needs to be more flexible, with effective results coming from financial counseling or financial coaching.
- These education offerings at times need to be paired with additional supports, such as different financial products or human services.
- Goal-setting and financial confidence are important for this group.



- No one standard type of education for each population or topic.
- Different outcome measures appropriate for different types of education.
- Review of research suggests that rigorous education, tailored to a state's population can improve financial behaviors.
- Continue to need more (and better) data available to estimate the effects of financial education on financial behaviors.
- This will help to iterate on state policies to improve financial well-being and economic growth.



Carly Urban Associate Professor of Economics Montana State University carly.urban@montana.edu www.montana.edu/urban 406.994.2005



CARLY URBAN

MONTANA STATE UNIVERSITY