

Financial Education and Program Evaluation

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Lyons, Angela; Palmer, Lance; Jayaratne, Koralalage S. U.; Scherpf, Erik. Are we making the grade? A National Overview of Financial Education and Program Evaluation. *The Journal of Consumer Affairs* 40, 2 (2006), <http://www.blackwell-synergy.com/doi/pdf/10.1111/j.1745-6606.2006.00056.x> (accessed September, 5, 2007).

Introduction

With increasing attention being paid to the lack of financial savvy for many consumers, there has been an increasing offering of financial literacy programs. However, one question that has not been satisfactorily answered is whether these programs are effective. The lack of data measuring impact can make it challenging to convince stakeholders that a program works as well as one believes it does. This evidence can aid in a program being adopted by others since they can document its effective. Funding agencies or partners may wish to see evaluation work in order to document the return on their investment in a program. Programs that can document success are likely to have an easier time obtaining resources.

Methodology

The authors used focus groups and survey data to formulate their conclusions. The eight focus groups were conducted via teleconference and involved educators and those actively involved in financial literacy programming. Following up on the focus group results, a web-based survey was sent out broadly to various email lists related to financial education to ask people about their evaluation efforts. Again the target group was those engaging in financial education outreach. The survey was not a random sample, but the results are still considered useful.

Main Ideas

Overall, this article highlights the dearth of consistent evaluation used in financial education. There are several issues mentioned.

First, for many educators, program evaluation is seen as a nice addition but often an afterthought. When in fact as Hughes (1994) states, evaluation should be a component of program design. This can then be rushed and may not connect well to the actual elements of the program.

Secondly, there is no standard for evaluation. Since this article, the National Endowment for Financial Education has launched an evaluation website with hopes to improve consistency in financial education program evaluation. Currently many educators only focus on counting bodies or classes held. This type of formative evaluation may be helpful in determining if you are reaching the desired audience. However, it does little to convey impact on people's lives. However, one must measure to capture what a program should realistically accomplish. Measuring for behavior change from 1 class may be overly ambitious. Summative evaluation or impact evaluation is often more challenging to obtain data for and there are insufficient standards for what things should be measured. One point of discussion was that many while excellent educators did not have the right background to write a survey instrument or to connect the appropriate types of outcomes to various programs. In addition many available data sources lacked appropriate measures. Lack of resources including time is one reason that follow-up surveys while potentially a sound approach were not employed. In addition small numbers from which to pool a sample



and low response rates make it a challenge for some, even with resources. Participants may have good intentions in consenting to evaluations, but may not provide all of the information, especially things that might be private to them (e.g. income). Finally, the lack of a control group in most instances leaves selection bias in the sample; they are all people who attended the program.

Implications for Extension Programs

Building evaluation into program design

In planning a program, one should focus initially on what objectives one is trying to reach. In using these as guide, one can then plan program elements that speak to these objectives. Forming these in advance also allows you to communicate more effectively with stakeholders and funding agencies. Program leadership should help to increase awareness of need, techniques, and resources in conducting evaluation work.

Building Evaluation into budgets

Evaluation often requires data gathering. In some instances aggregate data may already exist in various forms. However, often evaluation does require some data gathering from participants, especially for summative evaluation.

What outcomes are reasonable for a program?

Short duration programs that may only meet for a few hours are unlikely to change participant's behavior. It may be more meaningful to consider things such as intentions, attitudes, and beliefs as measures of the success of a class. Programs that go on for longer or have coaching elements may be better candidates for evidence of behavior change.

Conclusion

Financial education has become an increasingly important aspect of the outreach work that is done in Extension. In addition, there are many resources available, both in terms of program materials and funding. It is important that one consider the goals of a program in developing it, as well as how to measure the successful achievement of those goals. This will lead to capturing more success stories and showing how Extension can truly transform people's lives.

Additional References

1. Fox, Jonathan, Suzanne Bartholomae, & Lee, Jinkook. (2005). Building the case for financial education. *The Journal of Consumer Affairs*, 39 (1): 195-214.
2. Hughes, Robert. (1994). A framework for developing family life education programs. *Family Relations*, 43(1), 74-80.