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Building the Case for Financial Education

The need for financial education among Americans is often demonstrated with alarming rates of bankruptcy, high consumer debt levels, low savings rates, and other negative outcomes that may be the result of poor family financial management and low financial literacy levels. The collective response by public and private organizations to the accepted and often demonstrated need for financial education has been impressive in size and scope. This article provides an overview of the wide range of programs aimed at improving Americans' financial literacy as well as a short review of the current evidence of the effectiveness of financial education programs. We advocate for the adoption of a comprehensive framework or approach to evaluation to assist those currently delivering, and planning to deliver, financial education and highlight some of the key challenges. A five-tiered approach to program evaluation is described and outlined to provide a general framework to guide financial education evaluation.

Among Americans, burdensome consumer debt, low savings rates, and record bankruptcies are commonly considered the result of low financial literacy levels. As a result, both public and private initiatives have called on Americans to learn the basics of saving and investing for long-term financial independence, or otherwise to improve their level of financial literacy. Collectively, the scope and significance of the financial education effort have been significant, although undoubtedly some initiatives are experiencing greater success than others.

To this end, we present an overview of the wide range of financial education programs aimed at improving Americans' financial literacy. Financial literacy denotes one's understanding and knowledge of financial concepts and is crucial to effective consumer financial decision making. Programs that educate to improve financial literacy "provide individuals with the knowledge, aptitude and skills base necessary to become questioning and informed consumers of financial services and manage their finances effectively" (Mason and Wilson 2000, 5). Financial education can include any program that addresses the knowledge, attitudes, and/or behavior of an individual toward financial topics and concepts.

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The Journal of Consumer Affairs, Vol. 39, No. 1, 2005
ISSN 0022-0078
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In this review, the overview of programs is followed by a short summary of the current evidence of the impact of financial education programs. We then outline a comprehensive framework for financial education evaluation. Our intention is to highlight some of the key challenges facing providers of financial education programs who wish to evaluate the effectiveness of their program. As a tool, we suggest a framework to guide the evaluation of financial education programs. With the adoption of a more consistent and comprehensive framework or approach to evaluation, the many organizations currently delivering, and planning to deliver, financial education will better capitalize on economies of scope. Widespread adoption of a more consistent approach to program evaluation will facilitate program comparison and aid in identification of best practices in financial education.

CURRENT FINANCIAL EDUCATION PROGRAMS

Over the past decade there has been a dramatic increase in the development and delivery of financial education programs. A recent Fannie Mae Foundation report reviewed 90 financial education programs offered in the community and workplace. Of the 90 financial education programs, 65% were launched in the 1990s. Of these programs, three-fourths began in the late 1990s or in 2000 (Vitt et al. 2000). In Spring 2003, the Federal Reserve Bank of Cleveland reported on the financial education efforts in the Fourth District, which includes Ohio, eastern Kentucky, western Pennsylvania, and northern West Virginia. The study found almost half of the programs were five years old or less, whereas just over 10% of the programs had been around for 20 years or more (Hopley 2003).

A host of public and private entities engage in personal financial education. Purveyors of financial education programs from the Fannie Mae report include (1) community organizations (29 programs), (2) Cooperative Extension Service (24 programs), (3) businesses (18 programs), (4) faith-based organizations (eight programs), (5) community colleges (seven programs), and (6) the U.S. Military (four programs) (Vitt et al. 2000). Of 164 community development corporations, social service agencies, local state and federal government agencies, faith-based organizations, foundations, and schools or universities responding to a Federal Reserve Bank of Cleveland survey, 32% delivered a financial education program, 12% funded a financial education program, and 2% did both (Hopley 2003). Commercial banks commonly engage in financial education efforts. A recent study by the Consumer Bankers Association (2002) found that 66% of the 68 retail banks surveyed were conducting financial education programs.

Several national financial education initiatives are under way, many spearheaded by Federal agencies. For example, the National Partners for Financial Empowerment (NPFE) include "consumer and community organizations, corporations, business organizations, federal, state and local governments, and nonprofit groups dedicated to helping improve personal finance skills" (NPFE 2000). Federal agencies serving as coalition partners include the U.S. Department of the Treasury, the U.S. Department of Labor, the Federal Reserve System, and the Securities and Exchange Commission (NPFE 2000). Increased interest in financial education culminated in the establishment of the Office of Financial Education by the Treasury Department, announced in May 2002. The mission of the office is "to provide Americans with the practical financial knowledge that enables them to make informed financial decisions and choices throughout various life stages" (U.S. Department of the Treasury 2003).

Financial education efforts vary by the setting, audience, and subject matter (Braunstein and Welch 2002; Todd 2002), with organizations and institutions frequently partnering to deliver financial education (as noted above). These efforts can be organized into three categories based on themes or topics in personal finance. First, there are programs directed at improving financial literacy by broadly addressing personal finance topics, such as budgeting, saving, and credit management. Second, there are programs that give specific training in retirement and savings and are generally offered by employers. The third major category of programs addresses home buying and home ownership.

In the first category, there are several wide-ranging financial education initiatives aimed at school-age students. For example, among the banks responding to the Consumer Bankers Association (2002) survey, 87% supported youth financial education in grades K–12 in public schools. Over the past five years, 50 organizations promoting children's financial education have received 170 grants totaling $5.5 million from the Chase Manhattan Foundation (Bank Works to Increase Kids' Financial Literacy 2001). The Jump$tart Coalition for Personal Financial Literacy is a public–private partnership composed of more than 80 educator, corporate, and government organizations. Jump$tart's mission is to advance personal finance education in schools, particularly through promoting the use of standards for grades K–12 (Jump$tart Coalition for Personal Financial Literacy 2002). The Jump$tart coalition was the recipient of $1 million from the Chase Manhattan Foundation. Even more recently, the U.S. Department of Education and Treasury partnered to give the Jump$tart coalition $250,000 to further the collective initiative to incorporate personal finance education into K–12 classrooms (ED, Treasury: Announce Joint Push for Financial Education 2002).

General financial education initiatives also target broader audiences. For example, the Federal Deposit Insurance Corporation's (FDIC) *Money Smart* curriculum targets adults with a 10-module curriculum covering basic financial topics such as budgeting, saving, and credit management. The Money Smart Alliance Program invites partners to become members and adopt the curriculum. The U.S. Department of Defense (DoD) announced in February 2003 that the Money Smart curriculum would be offered to 1.4 million servicemen and -women at more than 3,000 military installations around the globe (FDIC 2003a). Similarly, a month earlier the Wachovia Corporation announced the first corporate-wide implementation of Money Smart, hoping to reach 5,000 low- and moderate-income individuals in 2003 in 11 states and the District of Columbia (FDIC 2003b). Project MoneySmart is a financial education campaign established in July 2000 by the Chicago Federal Reserve. Partnering with Consumer Credit Counseling Service of Chicago and the Illinois Council on Economic Education, this social marketing initiative aims to promote financial literacy through public service announcements, a Web site, brochures, and presentations (Moskow 2000).

Several national campaigns, targeting specific financial goals, have been initiated by organizations with the broader mission of improving financial literacy. In 1995 the U.S. Department of Labor, along with the U.S. Department of the Treasury and 65 public and private organizations, organized the American Savings Education Council (ASEC) "to educate Americans on all aspects of personal finance and wealth development, including credit management, college savings, home purchase, and retirement planning" (ASEC 2000). The Securities and Exchange Commission, in partnership with almost 50 private and public entities, encourages saving by way of their *Facts on Saving and Investing Campaign* which began in 1998 (Vitt et al. 2000).

The U.S. Department of Agriculture (USDA) sponsored *Money 2000*, a Cooperative Extension Service program intended to improve participants' finances by increasing savings and/or reducing debt (O'Neill et al. 2000). The USDA has now partnered with Consumer Federation of America in the *America Saves* initiative. America Saves, originally a partnership between Consumer Federation of America Foundation and The Ford Foundation, started in May 2001 and is "a nationwide campaign in which a broad coalition of nonprofit, corporate, and government groups help individuals and families save and build wealth. Through information, advice, and encouragement, we assist those who wish to pay down debt, build an emergency fund, save for a home, save for an education, or save for retirement" (America Saves 2003).

The second category of financial education programs offers training in the areas of retirement and savings and usually consists of employer-sponsored programs. The Department of Labor and the NPFE encourage the provision of employee-sponsored financial education by providing "a forum for private-sector companies to come together with federal participation to bolster and greatly expand financial education in the workforce" (Vitt et al. 2000, 45). Whether through counseling, workshops, or newsletters, approximately 75% of corporations surveyed in one study offered some form of financial education to employees during the 1990s (Todd 2002). Of the 18 corporations sampled in the Fannie Mae study, all of the programs covered retirement planning, whereas 17 of the 18 covered investing and saving (Vitt et al. 2000). According to the Fannie Mae study, corporations offered programs continually or only once or twice annually, and from 25,000 to 30,000 employees (Vitt et al. 2000).

Finally, the third category of financial education programming is anchored in home buying and home ownership programs. Home ownership programs often extend into training relevant to other financial goals, such as improving savings rates or decreasing debt (Braunstein and Welch 2002; Todd 2002). In 1993 over 1,000 organizations received funding from foundations to offer home ownership education programs (Todd 2002). Among financial education initiatives, home ownership programs have the longest history, largely resulting from the 1968 Housing and Urban Development Act (Quercia and Wachter 1996 as cited in Todd 2002).

The energy and resources devoted to improving American financial literacy through financial education programs cannot be understated. As evidenced in the review above, there is no shortage of initiatives, campaigns, and partnerships undertaking financial education as a mission. With this fervor of financial education delivery, the important question and impending challenge to educators, researchers, and policy makers is discerning the effectiveness of these efforts.

THE IMPACT OF FINANCIAL EDUCATION

The common challenge facing organizations offering financial education is the need to show that their programs make a difference. For most, this comes from the evaluation component of the program. Evidence demonstrating the lasting effect of financial education programs appears to be inconsistent (Anthes and Most 2000) and must be regarded with "cautious optimism" (Todd 2002, 6).

Relative to many of the programs discussed previously, Vitt et al. (2000) discuss the prevalence of immediate program response measures and

follow-up measures of program impact. Immediate program responses indicate participant satisfaction levels and self-reported increases in knowledge and were part of 80 of the 90 programs studied by Vitt et al. (2000). Follow-up action measures, some of which presumably indicate how participants have applied what has been taught, were used in 58 of the 90 programs. The Fourth Federal Reserve District survey found over half (57%) of the programs tried to measure the immediate impact of financial education efforts and just under half (47%) conducted follow-up studies by surveying or meeting with program graduates at some point after program completion (Hopley 2003).

In the high school setting, the National Endowment for Financial Education High School Financial Planning Program (HSFPP) in 1997–1998 was evaluated both at the end of classroom curriculum use and three months after completion of the curriculum (Danes, Huddleston-Casas, and Boyce 1999). The HSFPP study found increases in knowledge, self-efficacy, and savings rates (Danes, Huddleston-Casas, and Boyce 1999). Unfortunately, rigorous evaluation and reporting of this sort is not part of many programs currently offered in a school setting. The Consumer Bankers Association (2002) review of bank-sponsored K–12 financial education programs points out that only 56% of bank sponsors evaluate the programs in which they participate. Furthermore, only 21% of bank-sponsored programs used a more rigorous pre- and posttest method to identify program impact, and 35% of programs were deemed effective based only on the number of students completing the program (Consumer Bankers Association 2002).

An alternative appraisal of the effect of general financial education programs in high schools, and perhaps the strongest evidence of impact to date, comes from a study of the effects of statewide curriculum mandates (Bernheim, Garrett, and Maki 2001). By comparing those who attended schools in states with a current mandate for personal financial education to those who did not live in a "mandate state," Bernheim, Garrett, and Maki (2001) find evidence of the positive effect of financial education state mandates on savings rates and net worth during peak earning years (age 35–49).

Relative to high school financial education, studies of workplace financial education appear to be more prevalent and convincing (Todd 2002). Improved savings rates have commonly been found to be the result of workplace financial education (Bernheim and Garrett 2003; Todd 2002). Participation in and contributions to voluntary savings was higher among employees who participated in retirement seminars offered in the workplace, although the effect was stronger among non-highly compensated

workers than among highly compensated employees (Bayer, Bernheim, and Scholz 1996).

Bernheim and Garrett (2003) found median savings rates to be 22% higher for individuals whose employers offered financial education. This study accounted for savings that was separate from workplace saving and retirement plans. A major shortcoming of previous program evaluations has been not distinguishing between workplace (e.g., retirement plans) and household savings behavior (Todd 2002). In a novel behavioral economics study, employees were introduced to *Save More Tomorrow*, a program requiring employees to commit to saving a portion of their future pay increase (Thaler and Bernatzi 2001). The majority of program participants remained committed to the program through a third pay raise cycle, and the average savings rate increased from 3.5% to 11.6% over a 28-month period (Thaler and Bernatzi 2001).

The evidence from targeted programs such as home ownership education or savings programs mostly supports the positive role of financial education. For example, Rutgers Cooperative Extension conducted a six-month follow-up study of the monetary impact of Money 2000. Although the results were not compared with a control group, participants increased their savings by approximately $4,500 and reduced their debt by $2,600 (O'Neill 2001).

With respect to consumer debt, the effectiveness of counseling and education appears to be promising. A National Foundation for Credit Counseling report compared the credit performance over a three-year period—1997 to 2000—of individuals who received financial counseling to a matched group of noncounseled individuals (Staten, Elliehausen, and Lundquist 2002). Compared to noncounseled borrowers, over half of counseled borrowers had improved bank card risk scores and the majority reduced the number of accounts, total debt, and delinquencies (Staten, Elliehausen, and Lundquist 2002). A study by Freddie Mac demonstrated the effectiveness of counseling mortgage holders. Borrowers who received counseling prior to home purchase, on average, had a 90-day mortgage delinquency rate that was 19% lower than noncounseled homeowners (Hirad and Zorn 2001).

On the surface, a short financial management course required of Chapter 13 debtors appears to have a strong and positive impact. Course participants had a higher rate of plan completion compared to individuals who did not complete the debtor education program (Braucher 2001). However, Braucher (2001) cautions that several other factors influenced plan completion, including "delaying full payment of attorneys fees for three years, permitting many low percentage, five-year plans, and use of wage orders to

have debtors' employers pay the trustee directly" (p. 2). The additional factors meant it was impossible to attribute success solely to the debtor education program.

The challenge to financial educators and evaluators remains in isolating the effects of financial counseling and education (Todd 2002). The impact of many programs is frequently isolated to low-income, low-resource families (Braunstein and Welch 2002), as evidenced in the study by Bayer, Bernheim, and Scholz (1996). Isolation of effects is difficult because of the limited number of evaluations distinguishing among the mode of educational delivery. For example, the study of workplace financial education impact on savings rates by Bernheim and Garrett (2003) examined the effectiveness by lumping together several modes of delivery (e.g., seminars, consultations with a financial professional, and educational materials distributed by the employer). This combined approach limits our ability to determine what method produced what outcome.

Another challenge to educators and evaluators is identifying evidence regarding the appropriate duration of the program delivered. Participants in the American Dream Demonstration of Individual Development Accounts had an average of 12 hours of financial education. Evidence from this programming effort indicated that general financial education had a positive impact on savings levels for program participants (Schreiner, Clancy, and Sherraden 2002). However, more detailed analysis demonstrated that a few hours of education increased savings, but 8–10 hours of education had no effect, demonstrating the need for more detailed evaluation research.

A more immediate challenge to educators is isolation of program impacts that are lasting. Programs frequently measure immediate benefits, and evidence of the long-term benefits is still needed (Braunstein and Welch 2002). Studies establishing a link between knowledge obtained from program training and experience or behaviors would also be constructive (Hogarth and Hilgert 2002; Hopley 2003). For example, preliminary evidence from the Survey of Consumers found a greater proportion (56%) of financially knowledgeable respondents had mutual funds in comparison to less knowledgeable consumers (25%; Hogarth and Hilgert 2002).

GUIDING THE EVALUATION PROCESS

Whether financial education focuses on community-sponsored general financial literacy programs, employer-sponsored retirement programs, or bank-sponsored home ownership programs, design, delivery, and evaluation have tended to occur in isolation. Efforts in designing and delivering

financial education programs often take place without considering whether such efforts are effective, and without integrating the evaluation component as part of design and delivery.

Meaningful program evaluation is an essential and integrated element of successful programs. Well-designed evaluations will "document individual program implementation and effectiveness ... but also ... address collectively and cumulatively which ... programs work for whom, how, when, where, and why" (Weiss 1988, 4). With a more systematic, consistent, and collaborative approach to program evaluation, stronger evidence of any link between financial education and targeted outcomes may emerge.

Most programs appear to be making some effort toward evaluation; however, there are few clear commonalities in the approach taken. Limited and inconsistent measurement inhibits our ability to understand how outcomes and effects are achieved by programs (Weiss 1988). Some programs conduct informal evaluations (e.g., phone calls or self-evaluations), with program participants or instructors providing information. Other program evaluations involve more formal measurement methods such as surveys (Hopley 2003). Measurement of program success is also inconsistent. For example, in the Fourth Federal Reserve District survey, program impact was most often measured by "tabulating numbers of home and car purchases, bank accounts opened, businesses started, and jobs obtained ... debt reduction, fewer bankruptcies and foreclosures, improved credit reports and bringing mortgages current" (Hopley 2003, 10). Outcome measures will vary significantly by the program goals, audience, and delivery method; thus, consistently defined measures present some difficulties.

Program evaluations generally fall into one of two categories, a process or formative evaluation and an impact or summative evaluation (Scriven 1981). A formative evaluation collects information that provides feedback for educators and program organizers to make improvements in the program itself. Summative evaluation collects information on whether the program is making a difference in previously identified and desired outcome measures (Scriven 1981). Summative evaluation information deals more with the issue at hand—whether or not financial education impacts financial behavior—as well as gathering evidence of program satisfaction, increased knowledge levels, or increased levels of confidence.

Given the wide range of impact evidence, stemming from existing financial education programs, it is not surprising that no single evaluation framework appears to be guiding financial educators. Defining an evaluation framework could help programmers "summarize and organize the essential elements of program evaluation, provide a common frame of reference for conducting evaluations, and clarify the steps in program evaluation"

(Fisher 2003, 23). An overarching framework for the evaluation of financial education programs would provide a guide or road map for collecting information about program development, delivery, effectiveness, and accountability. Widespread adoption of key elements in a common framework will not only make program evaluation less daunting for financial educators, by providing a guide and frame of reference, but also contribute to consistency in data collection and clarity in program comparison.

Several program evaluation frameworks exist, and there is significant overlap among these frameworks (see Fisher 2003 who advocates for an integration of several frameworks in the context of financial education). Below we outline Jacobs' (1988) five-tiered approach to evaluation as a basic guide for organizations and agencies delivering financial education programs. Jacobs' (1988) approach to evaluation is commonly used in guiding family life education program evaluators (Hughes 1994). The advantage of this framework is that it encourages evaluation to occur in each stage of programming, from conception to implementation to conclusion and follow-up. An additional benefit underlying this framework are the assumptions that evaluation (1) should be collected and analyzed in a systematic manner, (2) is an essential component to every program, (3) serves several functions, (4) has many audiences, and (5) should not detract from delivering a program (Weiss 1988). Finally, the five-tiered approach is comprehensive in scope; it entails both formative and summative evaluation. Knox (2002) advocates that when planning and coordinating the impact evaluation process, the impact evaluation should be part of information drawn from a process that is both formative and summative.

The elements of a comprehensive program evaluation, as outlined by Jacobs (1988), can be summarized in five key steps: (1) preimplementation, (2) accountability, (3) program clarification, (4) progress toward objectives, and (5) program impact. The components of the model build upon one another, with each level requiring "greater efforts at data collection and tabulation, increased precision in program definition, and a greater commitment to the evaluation process" (Jacobs 1988, 50). Program evaluators using this five-tiered approach can engage in several levels at once, and while it is stepwise, previous levels may need to be revisited (Jacobs 1988). Immediately evident is the fact that evaluation is a graduated process, where identification of program impact comes only in the final stages of an involved and comprehensive process. The table in the appendix of this article outlines key stages and links each stage to applications in financial education.

In Jacobs' (1988) terminology, the preimplementation tier of an evaluation occurs during the initial organizational stages of a program and is

more commonly known as needs assessment. Needs assessment allows those planning financial education programs to determine the targeted goals and plan an effective program. Vitt et al. (2000) report that only 22% of the 90 financial education programs reviewed conducted any formal needs assessment. In many instances Vitt et al. (2000) found program organizers to have assumed the need for financial education so great that no further evidence was required. Testing financial literacy levels among the target group, and identifying any deficiencies, is an ideal approach to needs assessment for pure financial education. The recent Jump$tart Coalition studies are examples of establishing and identifying a national need for youth financial education through an ongoing literacy test (Mandell 1998, 2001, 2002). The need for improved financial literacy is also frequently demonstrated with alarming rates of bankruptcy, high consumer debt levels, low savings rates, and other negative outcomes that may be the result of poor family financial management and low financial literacy levels.

The accountability tier of the evaluation consists of collecting information on the education and services provided, the cost of the program, and basic program participant information (Jacobs 1988). The goal of this stage of the process is to document who has been reached by a program and in what way. Accountability is also important in determining whether the population in need of financial education has been served. It is also important to provide program data to funders, participants, and the community, with a larger goal of using amassed program utilization data to draw broader attention to the issue of financial literacy (Jacobs 1988). Frequently, accountability in financial education programs is measured by collecting information during registration, an exit survey, or some other indication of participation. A prime example of the impact of accountability data is Consumer Federation of America's *America Saves* program in Cleveland. In a press release based on a program survey, an estimated 10,000 Cleveland residents were persuaded to save more, and 1,500 savers were officially enrolled for accounts, counseling, and/or workshops (Cleveland Saves 2002). Such significant and compelling figures can immediately signal positive community impact and begin building the case for the continuation and growth of the program.

The third tier, program clarification, is used to assess an ongoing program's strengths and weaknesses, and to reassess program goals and objectives (Jacobs 1988). Relative to other phases, program clarification contains more formative information for program organizers. In this stage of program evaluation, program planners review the mission, goals, objectives, and strategies being used in an overall effort to improve the service

provided. After reviewing data from the preimplementation stage, programmers determine if the original target audience is being served and/or whether the definition of the target population needs to be broadened or narrowed. Additionally, information drawn from observations by program staff and participants is utilized to improve the program during this stage of evaluation (Jacobs 1988). For classroom-delivered material, information used for program clarification is commonly derived from an exit survey of teacher ratings, overall satisfaction with the class, and increases in knowledge. In early stages of a program, open-ended comments of participants often guide program changes. A more rigorous method of providing evidence for program clarification would be through the use of a pre- and posttest, then linking high impact levels to best program practices. The National Endowment for Financial Education evaluation of the High School Financial Planning Program effectively uses this pre- and posttest approach to measure increases in financial knowledge, confidence, or intended improvements in financial behavior following the delivery of financial education (Danes, Huddleston-Casas, and Boyce 1999).

In the progress-toward-objectives phase of evaluation, the focus moves to desired outcomes and the more summative measures. During this stage, program evaluators obtain objective measures of the impact of a program on participants. Information collected during this stage measures the effect of the program on the individual, whereas the accountability stage described earlier simply highlights program utilization (Jacobs 1988). In most cases it is unclear how to best measure progress-toward-objectives if the earlier three stages of evaluation are short-circuited. For example, workplace financial education programs frequently are designed with the clear intent of increasing rates of participation and savings among employees in qualified retirement plans. With such clear and measurable outcomes, it is not surprising that workplace financial education programs show the most consistent and compelling evidence of progress-toward-objectives (Braunstein and Welch 2002; Todd 2002). The clearly defined targeted needs of the workers, along with ease in accountability by employers, make the measurement of progress-toward-objectives in workplace programs much easier than in other programs with more loosely defined goals and objectives.

The most common approach to gathering information on progress-toward-objectives is through some form of continued follow-up contact attempting to identify actions being taken that are in congruence with program goals. In the workplace it is evident to the employer whether the employee decided to increase retirement contributions or to begin participation in a retirement program. In a high school financial literacy program the outcome goals are typically more wide-ranging, participants are more

difficult to track, and measuring progress-toward-objectives becomes a significant challenge. The differential effects of programs are examined during this stage, for example, whether a financial education program has a greater impact on males than on females. This type of information assists in the improvement of programs. An external evaluator is often contracted to conduct this evaluation stage, particularly when new program-specific measures need to be developed (Jacobs 1988). Information from this stage of evaluation is important for programs planning to replicate and/or broaden their support (e.g., funders and stakeholders) because it provides the evidence needed to show effectiveness (Jacobs 1988).

The goal of the final evaluation tier, program impact, builds on the progress-toward-objectives tier and entails the measurement of both short- and long-term impacts of a program (Jacobs 1988). This stage of evaluation again reflects the goals and objectives of a program, making it difficult to compare programs that do not have the same focus, and nearly impossible to identify the impact of programs with vaguely defined goals. At this stage, measurable levels of differences in treated and nontreated populations are reported. This stage of the process requires a formal experimental, or quasi-experimental, approach to analysis of those receiving some form of financial education, and contrasting this group with a similar sample that has not participated in the financial education program (Jacobs 1988). Only through such an experimental approach can the pure and independent impact of the program itself be identified.

At this point there is scarce evidence of such program impact in the financial education literature. Bernheim, Garrett, and Maki (2001) provide one of the few examples of research contrasting a financially educated group with a noneducated group, showing the benefits of financial education mandates to be linked to the increased incidence of financial education in high schools, and then to higher savings rates and wealth accumulation. The differences between those receiving financial education and those who did not receive education were isolated to individuals who came from households where parents provided poor models of financial management (Bernheim, Garrett, and Maki 2001). Similarly, Tennyson and Nguyen (2001) found higher scores for high school seniors on the Jump$tart personal financial literacy survey where specific financial education was mandated by states. While the above studies draw on national samples, the approach to program impact evaluation for localized programming efforts is decidedly more focused and straightforward.

Selection of a control group from the same population targeted in the needs analysis provides the necessary baseline for comparison. If the control group cannot be drawn from an identical population, then control

variables measuring known determinants of the desired outcomes must be collected for both the treatment group and the control group. For example, if the desired outcome is increased personal savings, then information on income, wealth, household status, education, age, employment status, parenting practices, and financial goals needs to be collected and controlled for by evaluators in the program impact analysis. It is in this final stage where the independent impact of a financial education program is identified. At this point, there are too few examples of financial education evaluation research that have reached this fifth and conclusive tier. Because of this simple fact, definitive statements on the impact of financial education are premature.

SUMMARY AND CONCLUSIONS

The collective response by public and private organizations to the accepted and often demonstrated need for financial education has been impressive in size and scope. Such an investment in personal financial education comes with the expectation of demonstrated and significant benefits to program participants. Without reliable, valid, and relevant information collected from well-designed program evaluations, financial educators jeopardize their ability to provide effective recommendations for the direction of education policy.

Currently, financial education programs often omit evaluation as a component of their program design. We have described and outlined (see Appendix) a comprehensive evaluation framework in the hope that programs will make a commitment to the evaluation process. Not only is Jacobs' five-tiered approach to program evaluation easy to understand but the framework has the advantage of offering great flexibility in its application. It is designed to address the needs of all financial education programs—those programs just getting off the ground, in the design and development stage, as well as programs that are well established and ready to measure effectiveness. The framework is flexible since it addresses a myriad of program goals and objectives regardless of the program's stage of development.

This program evaluation approach attempts to make good evaluation less difficult for educators and to provide a foundation to those who want to evaluate their program but are not sure how. It is our hope that sharing this framework will encourage educators to think about and integrate evaluation from program inception through eventual identification of program impacts. As mentioned, Jacobs' approach is comprehensive in that it addresses programs regardless of the stage the program is in. This approach

does not expect a program to cover all five stages in the initial offerings. The evaluation process will most likely evolve and grow with the program. The framework anticipates only programs with a long track record to have the ability to yield convincing evidence of program impact or progress toward objectives.

There are many benefits to be reaped by the financial educators who incorporate a well-designed program evaluation. Benefits of data collected through integrated and systematic financial education program evaluation include, but are not limited to (1) sharing best practices, (2) improving effectiveness of existing programs, and (3) keeping the attention of community leaders, policy makers, and funding agents. Almost three-quarters of respondents in the Fourth District Federal Reserve survey indicated interest in attending a seminar that offered insight about the "best practices" of financial education (Hopley 2003), evidencing the importance of sharing the successes and failures of financial education.

Still greater strides can be made in the arena of financial education programs, and evaluation in particular, if more systematic, consistent, and uniform data collection occurs. For many individuals involved in program delivery, the task of program evaluation may be daunting. We propose a comprehensive and integrated approach to planning and implementing a program evaluation so the process is not as overwhelming. By outlining the steps in the evaluation framework, program administrators can more easily identify the information that needs to be collected during each stage of the program. The information can be used to improve the program as well as provide evidence for accountability and effectiveness. It is our hope that the framework will be adopted by financial educators so that we can begin to compile evidence of program impact which can be used to highlight flagship programs and inform future programming and policy.

Following Jacobs' (1988) model of evaluation, we describe the evaluation of financial education programs as an integrative part of the programming process, not an independent procedure used only to identify the benefits of undertaking the process. The assumptions underlying this framework are a strength, as they state that evaluation should be collected and analyzed in a systematic manner and as an essential component to every program (Jacobs 1988). The evaluation process described herein, and recommended for all financial education programs, is interwoven with the programming itself, making good programming a part of good measurement, and vice versa. Through replication of this process within all types of financial education programs, we stand to significantly increase our understanding of the independent effect of financial education on desired financial outcomes.

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APPENDIX

Jacobs' (1988) Five-Tiered Approach to Program Evaluation[a]

Evaluation Tier	What is the purpose of the evaluation?	Who will use the information collected from the evaluation?	What tasks should be undertaken by the program evaluator?	Application to a Financial Education Program
Preimplementation—information justifying a need for the program	To collect information that documents the need for the program within the community	-Members of the community -Potential funding agents	-Outline characteristics of the program -Conduct the needs assessment -Adjust the program according to the needs assessment	-Collect community-based financial statistics (e.g., debt delinquency, bankruptcy, and savings rates) -Interview community leaders regarding causes and effects of financial illiteracy and/or financial troubles -Locate local press coverage on financial topics, such as bankruptcy, financial stress -Write a description of the financial education program (e.g., target audience, thoughts about changing literacy levels, details regarding program delivery, cost to program participant, who will deliver program, benefits of program)
Accountability—information justifying program viability and utilization	To collect information about program users and program utilization	-Funding agents -Media sources -Leaders in the community	-Profile participant characteristics (e.g., background information) -Describe program utilization data (e.g., numbers served by program) -Estimate cost per unit of service (participant, course, class, etc.)	-Provide descriptive profile of individuals who used the program (e.g., demographic information, personal finance data) -Be able to report over a certain time frame (e.g., a year), how many individuals went through the program and at what cost

Program clarification—information to fine-tune the program	To collect information used by program developers and personnel to improve the program	-Participants of the program -Implementers of the program (administration and staff)	-Revisit and restate program goals, objectives, teaching methods (e.g., is the program reaching the original target audience or does the audience need to be redefined based on information from the previous evaluation stage?) -Explore program assumptions -Gather information about how the program is administered and operated, who uses the program, which staff members deliver the program	-Survey program participants about their satisfaction with the program (e.g., questions regarding satisfaction with the educational sessions, whether the financial education program met expectations) -Staff feedback (e.g., program staff receives feedback from participants regarding future financial topics) -Describe how the program operates (what topics are taught, who teaches it, who uses the program, what components do they use)
Progress toward objectives—information demonstrating effectiveness	To collect information that documents the effectiveness of the program and to provide information that the program staff and administration can use to make program improvements	-Participants of the program -Implementers of the program (administration and staff) -Funding agents -Administrators, staff, evaluators, and developers of other programs	-Formulate measurable indicators based on the short-term program objectives (e.g., what outcomes does the program wish to impact?) -Combine several measurement strategies (e.g., measures that are program specific and measures that are more general) -Assess differential program effects based on participant characteristics (e.g., age, race) -Determine method of data analysis -Disseminate program and evaluation information	-Design and collect objective measures of program success (e.g., if desired program outcome is to increase financial literacy, administer a pre- and posttest of financial knowledge) -Several simple and advanced behavioral indicators should also measure program outcome (e.g., participant reports activities to reduce debt during a three-month period) -Collect other types of data related to financial behavior (e.g., decision making, feelings of efficacy) -Analyze the indicators of success relative to the participants' characteristics (e.g., does financial literacy score vary by gender or age?) -Publish findings of the effect of the financial education program

APPENDIX (*Continued*)

Evaluation Tier	What is the purpose of the evaluation?	Who will use the information collected from the evaluation?	What tasks should be undertaken by the program evaluator?	Application to a Financial Education Program
Program impact—program information relative to the big picture	To provide information that contributes to an area of knowledge and/or evaluation and to document program effectiveness in comparison to other programs	-Federal, state, and local policy makers -Research community -Academic community -Potential funding agents -Potential program adapters (including directors) -Citizens of program and other communities	-Implement experimental or quasi-experimental methodologies (random assignments and/or control groups) to measure program effectiveness (short- and/or long-term) -Continue to collect and compile data from program users and staff, about program utilization and implementation, efforts in this stage are contingent upon data collected at earlier stages	-Engage in advanced methodological data collection (e.g., implement random assignment of "treatment" of financial education program; construct a control group of individuals who don't participate in program) -Evidence regarding the financial education program should (1) be tailored to specific audiences (e.g., community leaders versus funding agents), (2) be evaluated relative to other programs, (3) be critiqued in terms of strengths and weaknesses of study design and methodological design (e.g., measures and techniques)

*Adapted from Jacobs (1988, 52–55).