



Introduction to New Tools for Assessing Participant's Financial Skills and Needs

Financial Literacy Enhancement Initiative

Welcome

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Training Purpose

- To provide AFI Grantees with an introduction to two new tools—Core Competencies and the Assessment Tool—the rationale for these tools, how to use them and how to get help implementing them locally.

Training Flow

1. Introduction and Rationale for Development
2. Core Competencies
 - What are core competencies?
 - How can they be used in the design, development and evaluation of financial education efforts?
 - AFI Core Competencies
 - Curricular resources supporting core competencies
3. Assessment Instrument
 - What is assessment? What is the role of assessment in evaluation?
 - What is the relationship between assessment and core competencies?
 - AFI Assessment Instrument
 - Implementation guide
4. Discussion and Q&A

Webinar Details

- Please do feel welcome to *ask questions* following each section of the training. There will also be a ***designated time for discussion and/or questions*** following the formal presentation.
- Please *mute* your line when you are not speaking **IF you are somewhere there is a lot of background noise.**
- Please *do not put the conference call on hold*—sometimes this causes the call to have background music (and usually the music is not very good).

Rationale for this Project

- There has not been clear, non-curriculum specific guidance on **what should be addressed in the context of financial management**, i.e., what should people be able *to do, know, feel*, etc. as a result of financial education efforts (training, coaching, counseling, etc.)

Rationale for this Project

- Provides a basis for assessment and evaluation
- Allows for consistency in terms of results within and across financial education efforts
- Field-wide movement (FLEC, States, Organizations)



Financial Literacy Enhancement Initiative Response

- Core Competencies and Assessment Tools
 - Core competencies for financial literacy training
 - Assessment tool and measures
- The AFI Resource Center Team
 - UW: Michael Collins and Max Schmeiser
 - Abt: Eliza Kean and Jon Spader
 - Consultant: Inger Giuffrida

Products for AFI Grantees

- **Products – Posted to the website**
 1. Core competencies – Presents the set of core competencies
 2. Curricular resources supporting core competencies – Identifies existing curricula that address each core competency
 3. Assessment instrument – Provides an instrument that is directly tied to the core competencies and is easy to customize
 4. Assessment guide – Provides guidance on how to tailor and implement the assessment instrument

What are Core Competencies?

- Core competencies encompass the skills, knowledge, and capacity required to achieve a base level of proficiency in a particular area.



Financial Education Core Competencies

The knowledge, behavior, and attitudes necessary to achieve a base level of financial literacy.

Core competencies provide a foundation for financial literacy training curricula and instruction.

- Establish the key content areas
- Define the extent of knowledge required
- Can guide the approach to take or process to use

Development of the Core Competencies

- **Research**
 - Research on financial literacy has not established core competencies or defined a base level of financial literacy.
 - There is no consensus theory that links knowledge and attitudes to long-term behavioral change.
- **Resources**
 - Expert consultation
 - Review of existing curricula and materials
 - Review of available AFI documents
- **Review**
 - AFI Staff

AFI Resource Center Core Competencies

- Developed specifically for AFI Project Participants
- Generally applicable to other individuals or households with low income and limited resources



Core Competency Content Areas

Developing goals	Goal setting is critical to taking control of financial choices over a long time horizon; a key factor is setting up systems to facilitate goal attainment and overcome a focus on the present.
Managing a budget	Having a written budget is a critical step in taking control over and monitoring spending, as well as in dealing with shortfalls.
Credit management	Credit access, management and repair are among the most common issues lower-income households face.
Financial services	Access to banking services is a key part of matched savings programs; a key competency is appropriately building on that experience with other financial services.
Taxes	Tax time remains a crucial time each year, especially for Earned Income Tax Credit (EITC) eligible households. Decisions about how to file and how to use a refund are paramount.
Saving for the future	Retirement planning is not a priority for many lower-income households, but the importance of saving early and maximizing access to programs/employer benefits is important.

Use of Core Competencies in the Development and Evaluation of Financial Education

- Organize content and approach in the provision of financial education
- Provide guidance in reviewing and selecting a new curriculum or reviewing an existing curriculum
- Provide basis for common approach within or across projects
- Aid in ensuring quality among different facilitators and sites
- Provide basis for measuring understanding and assessment

Steps for Applying the Core Competencies

1. Be clear about the needs of the people you serve

- Review your community assessment findings, pre-training assessment documents, and your understanding of your participants' needs.

2. Review the core competencies with respect to the participants' needs and project's curriculum if already established/potential curricula if a new project

- Identify any special emphases (serving special target populations of program that are not reflected in the core competencies)
- Identify any core competencies not covered in the program

– **Start with tool *Curricular Resources Supporting Core Competencies***



Excerpt from *Curricular Resources Supporting Core Competencies*

Financial Literacy Core Competencies Covered by Major Curricula

Core Competency	Money Smart	MoneyWise (money-wise.org)	Credit Smart (Freddie Mac)	Your Money Counts	Citi	Pathways to Prosperity	University of Illinois Extension's <i>All My Money and Your Money & Your Life*</i>
1) a.i Explain that not saving and having high debt creates feelings of insecurity							✓
1) a.ii Understand that working/having a stable or rising income critical if there is no savings cushion in case of health, job or family crisis	✓	✓	✓	✓	✓	✓	✓
1) a.iii Understand that no balancing one's budget now may have damaging implications for financial health in the future		✓	✓	✓	✓	✓	✓
1) b.i Explain the impact of high debt and/or no savings on retirement: being able to retire at an age you desire; being able to support your family's goals such as travel, education or bequests; being able to buy a home or start a small business	✓	✓	✓		✓	✓	✓

- Reviewed curricula are those most commonly used by AFI Grantees based on survey data.
- Many other curricula are available and used by AFI Grantees.
- The review does not address *how the material is presented, how much the competency is addressed, literacy levels, target market appropriateness, etc.*; it focuses only on whether each core competency is addressed.

Steps for Applying the Core Competencies

- 3. Review special emphases and omitted competencies to determine if revisions to program curriculum are necessary**
 - Add core competencies that reflect special emphases of program (if necessary)
 - Add curricular content related to competencies not currently covered (if necessary)

- 4. Get assistance—your ARC can coordinate this for you**
 - If you are having trouble translating this the financial education you are currently providing.
 - If you serve special populations that may have special needs not specifically reflected in the competencies

Applying Core Competencies

- Remember:
 - The competencies define the central components of financial literacy education shared by AFI grantees, and may not include the specific needs of special populations.
 - The core competencies do not address process or approach to the provision of financial education.
 - We are not requiring adoption of these core competencies, but encouraging you to use them and consider the reasons for any differences between the financial education you provide and the AFI core competencies. Most differences will reflect the specific objectives of the program and require no adjustments to the curriculum.

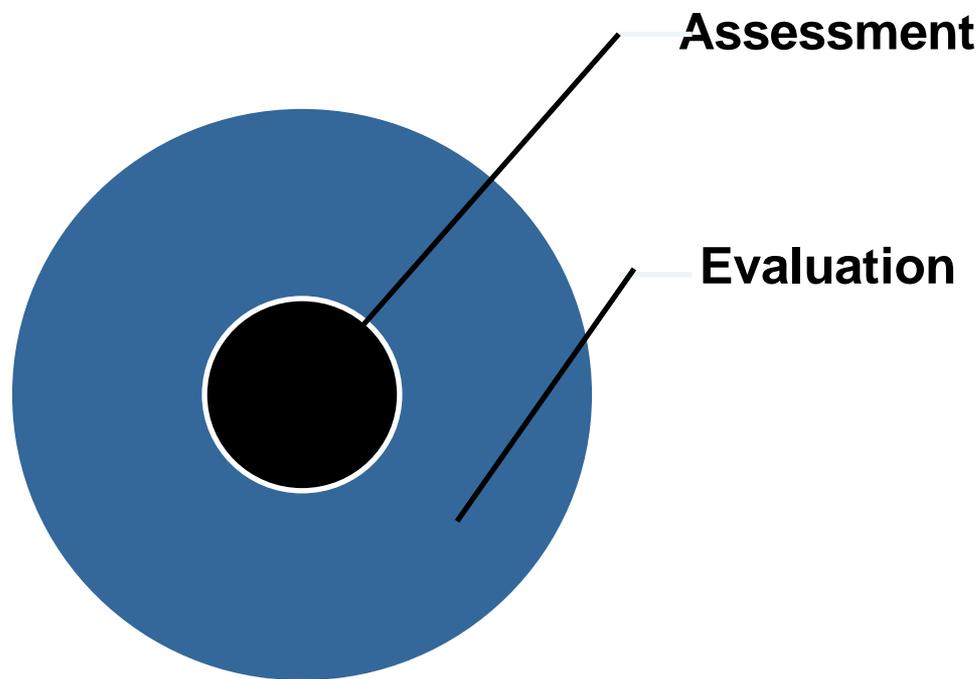


Questions?

Assessment Tool and Measures

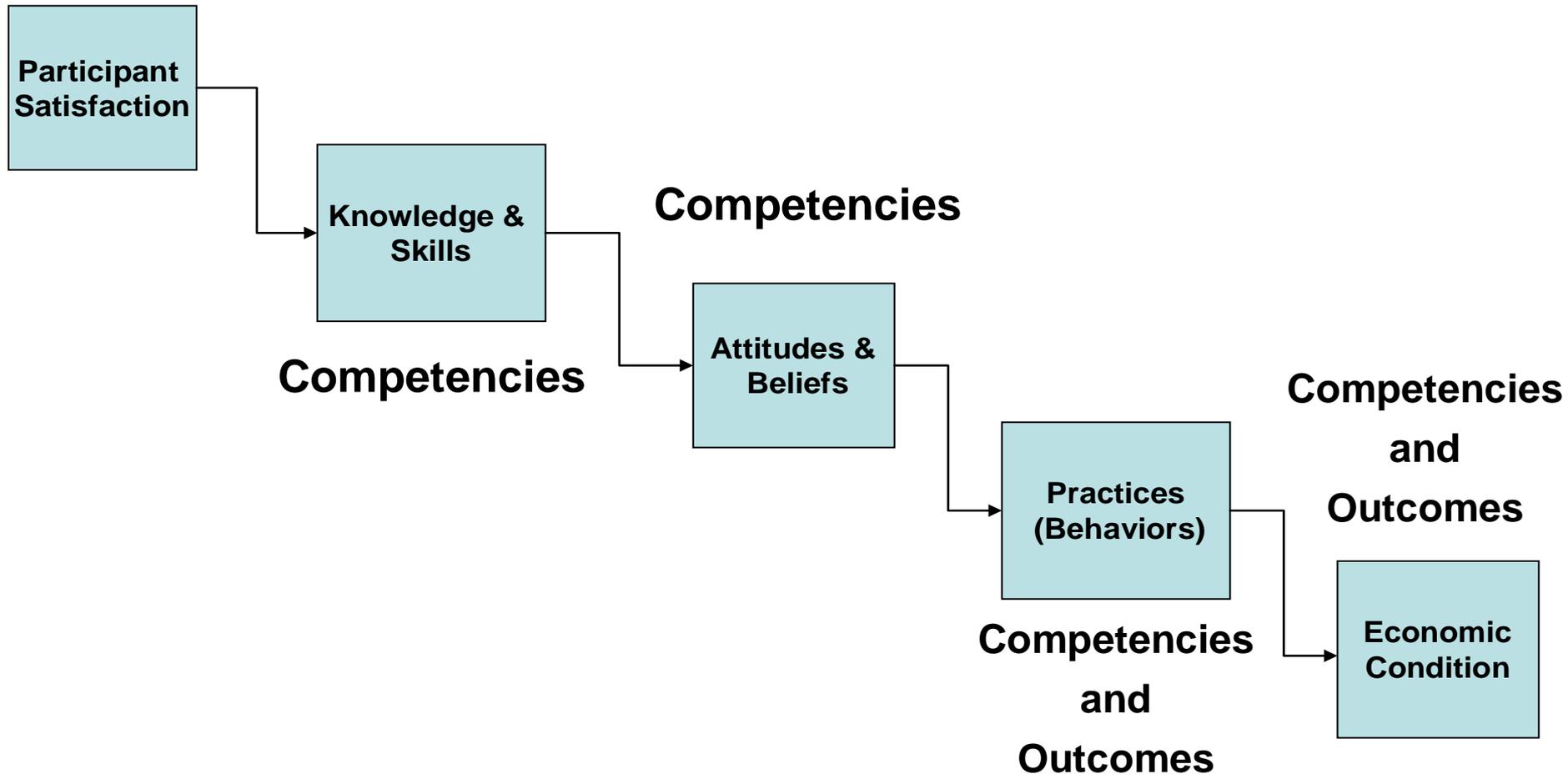
- **Assessment vs. Evaluation:**
 - Assessment: documents short-term outcomes of project participants.
 - Evaluation: focuses on medium to long-term goals of the project/program and often requires tracking participants over time and comparing their outcomes to those of a pre-determined control group.
- **Value of Assessment:**
 - Determine the financial literacy level of enrollees.
 - Measure the progress of participants during training.
 - Document the effectiveness of financial education.

Relationship of Assessment and Evaluation



Levels of Evaluation in Financial Education

Indicator



Assessment in AFI

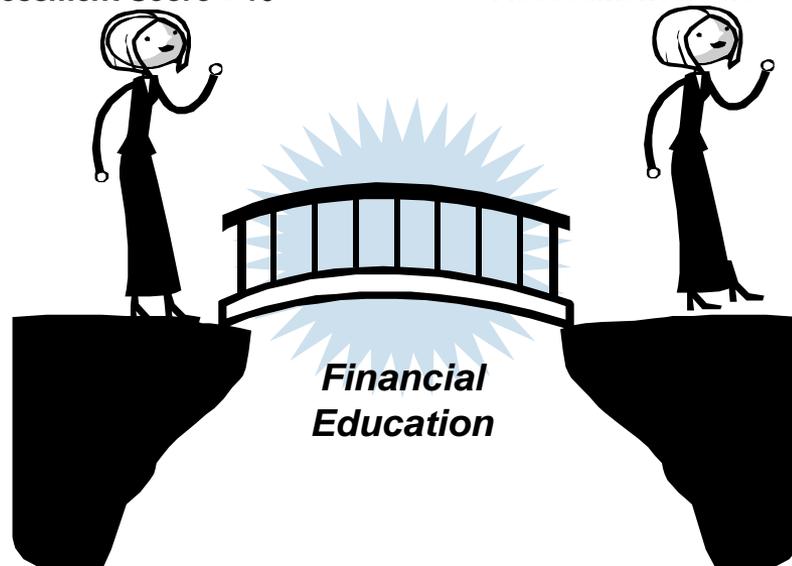
- Assessment is encouraged but not required
- Assessment helps you:
 - **Tailor your program** specifically based on pre assessment information and insights—this helps you better meet the needs of the people you are serving
 - **Determine whether what and how you are providing financial education is making a difference in terms** of knowledge acquired, attitudes changed and practice/behavior adopted (most commonly measured through intent to act but also self-reported pre/post practices)
 - **Demonstrate to others the efficacy of your training**

Assessment Design

- Measure participant financial literacy at two points in time:
 1. Pre-training – before the participant completes any financial education
 2. Post-training – after financial education is completed

*Pre-Training
Assessment Score = 10*

*Post Training
Assessment Score = 15*



Information Gained Through Assessment

- The AFI assessment instrument produces three types of information:
 1. Pre vs. post comparison of the overall score
 2. Pre vs. post comparison of content area scores
 3. Comparison across content areas
- **Optional Information**
 - Self reported behaviors at two points in time (optional questions); any changes in these behaviors
- **Limitation:**

Research has not yet established consensus regarding key competencies or validated measures that quantify these competencies.

Structure of the Assessment Instrument

- Instrument Overview:
 - 17 substantive questions - 12 T/F; 5 Likert scale
 - 11 demographic questions
 - 13 optional behavioral questions
- 6 Content Areas – same as for the core competencies
 - Developing goals
 - Managing a budget
 - Credit Management
 - Financial services
 - Taxes
 - Saving for the future

Excerpts from the Assessment

Example Likert Questions

(1) I could find the money to pay for a financial emergency that costs about \$1,000.

1	2	3	4	5
<input type="radio"/>				
Do not agree at all	Disagree Slightly	Neither	Agree Slightly	Agree Completely

(2) I believe it is necessary to carefully track how I spend my money.

1	2	3	4	5
<input type="radio"/>				

- Pre/post test affects
- Use of retrospective pre tests—avoids response shift effect
- Number of response choices
- Common confusion with Likert Scale Questions

Excerpts from the Assessment

Example True/False Questions

Credit Knowledge

(6) When you borrow money, you are really borrowing from your future income.	<input type="radio"/> True	<input type="radio"/> False	<input type="radio"/> Unsure
(7) As long as you make your minimum payment each month, maintaining a balance on your credit cards has no effect on your credit score.	<input type="radio"/> True	<input type="radio"/> False	<input type="radio"/> Unsure
(8) You are entitled to a free credit report from each of the three credit bureaus every 12 months with no obligation.	<input type="radio"/> True	<input type="radio"/> False	<input type="radio"/> Unsure

- Measures knowledge only
- Advantages to True/False over multiple choice, open-ended questions, etc.

Excerpts from the Assessment

Example OPTIONAL Behavioral Questions

Currently, do you...	Yes	No	Unsure
...Have a checking account?.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...Have a savings account?.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...Have a credit card?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the last <u>3 months</u> , how often have you...	3+ times	2 times	1 time	Never
... Used a check cashing store?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... Taken out a pawn shop loan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- Asks about actual behavior at two points in time.
- Collecting baseline information about behavior
- Looking for changes with post test

Scoring the Assessment Instrument

- Scoring:
 - Only includes attitude and knowledge questions
 - True/False Questions – 1 point for correct response
 - Likert Scale Questions – Divide response by 5
- Overall Score = Sum of the scores for all 17 questions
(not including additional questions)
- Resources:
 - Correct answers - at the end of the instrument
 - Scoring examples - at the end of the written guidance



How to Score Likert Scale

Please rate how much you agree with each statement, where 1 is "Do not agree at all" and 5 is "Agree Completely"

(1) I could find the money to pay for a financial emergency that costs about \$1,000.

1	2	3	4	5
<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do not agree at all	Disagree Slightly	Neither	Agree Slightly	Agree Completely

$$1 \text{ (response)}/5 = .2$$

(2) I believe it is necessary to carefully track how I spend my money.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

$$4/5 = .8$$

(3) I believe that it is important to save money from every paycheck.

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

$$4/5 = .8$$

(4) I rarely worry about being able to meet normal monthly living expenses.

1	2	3	4	5
<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

$$1/5 = .2$$

(5) I do not measure my family's financial success by our ability to match the spending of our friends and neighbors.

1	2	3	4	5
<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

$$2/5 = .4$$

Total Score 2.40

Getting the Total Score

- If I got a total of **9 questions correct on the T/F portion** and missed 3, I would have **9 points** from the T/F section.
- Adding my score from the previous section of **2.4** to **9** I would get **11.4** for my Pre-Test Score.

Comparing Questions

Pre-Test

(1) I could find the money to pay for a financial emergency that costs about \$1,000.

$$1/5 = .2$$

1	2	3	4	5
x	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do not agree at all	Disagree Slightly	Neither	Agree Slightly	Agree Completely

Post-Test

(1) I could find the money to pay for a financial emergency that costs about \$1,000.

$$5/5 = 1$$

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	X
Do not agree at all	Disagree Slightly	Neither	Agree Slightly	Agree Completely

Change of .8

What to “Number Crunch”

- Average (Mean), Median and Range for Pre-Test Scores
- Average (Mean), Median and Range for Post-Test Scores
- Average (Mean), Median and Range for Change

What to Look For

- Marked differences between mean and median
- Also, look for patterns among individual questions or sections for:
 - High pre test scores
 - Low pre test scores
 - Where the change is more pronounced
 - Where there is no or little pre/post test change

Modifying and Administering the Tool

1. Customize the tool for your program based on your review of the core competencies.
 - Review the instrument to ensure that it is appropriate for your financial education efforts and clients
 - Add, drop, or modify questions (if necessary)
 - Seek TA or other assistance to help integrate with your program

Additional measures:

- *Limit the number of additional measures to less than ~ 5*
- *Use language that is clear and accessible*
- *Follow the format of the instrument*
- *Include questions in both the pre and post surveys*

Modifying and Administering the Tool

2. Prepare to administer the instrument.

- Online vs. paper administration – Be consistent for Pre and Post tests
- Timing of survey administration – Pre should be before any information is delivered; Post should be after completing financial education courses
- Whether to offer incentives – May be necessary if the Post test occurs after the final training session
- Plan for monitoring response rates – Target should be approximately 80% with completed Pre AND Post
- Plan for collecting, recording, and analyzing responses - Consider ease of both data collection and analysis; set up systems and identify staff responsible for these functions before administering the assessment

Modifying and Administering the Tool

3. Administer the instrument and record data.

- Follow the plans laid out in Step 2

4. Analyze the results.

1. Use pre assessment to help you understand where the participants are when they enter the financial education
2. Pre vs. post comparison of the overall score
2. Pre vs. post comparison of content area scores
3. Comparison across content areas

Note: If assessments are collected from each participant, it is a population sample and no statistical tests are necessary. The mean values ARE the population means. It is really this simple!

What to do with the Results

- Tailor content or approach based on pre-test results (Program design)
- Change content or approach based on pre/post test comparisons (Program design)
- Share with other staff and board to demonstrate effects of financial education on participant knowledge, attitude and possibly behavior (Internal communication)
- Incorporate assessment results with participant comments, training evaluation information (participant satisfaction) and possibly some participant profiles to showcase the impact of financial education for funders, partners and other stakeholders (External communication; resource development)
- Other ideas?



Thoughts? Questions?

Additional Resources for Grantees

1. Written guidance for the assessment instrument
<http://www.idaresources.org/page?pageid=a047000000Aqflc>
2. Webinar and Captivate presentation
3. Other resources:
 - NEFE evaluation toolkit and manual
<http://www.nefe.org/eval/>
 - University extension offices: Wisconsin, Cornell, Penn State
<http://www.uwex.edu/ces/pdande/evaluation/index.html>
<http://staff.cce.cornell.edu/administration/program/evaluation/evalrefs.htm>
<http://extension.psu.edu/evaluation/>



Thank You!

- For your participation today!