

Evaluation

Evaluating  
Programs

Design Issues

Four  
Challenges

Conclusions

# Evaluating Financial Capability: Why it Matters

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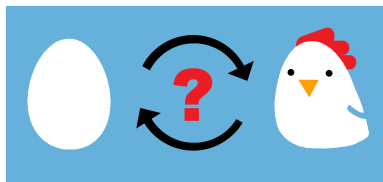
Conclusions

## Operations Management

### Program Operates

- Uses inputs (resources)
- Produces outputs
- People/families served

## Causality



# Step 1: Good Management

## Evaluation

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- Well designed programs
  - Evidence-based theory of change
- Well-run programs
  - Resource stewardship
  - Funder reporting
- Outcomes: clients who complete program
  - Satisfaction, Referrals

# Step 2: Evaluate or Not?

## Evaluation

### Evaluating Programs

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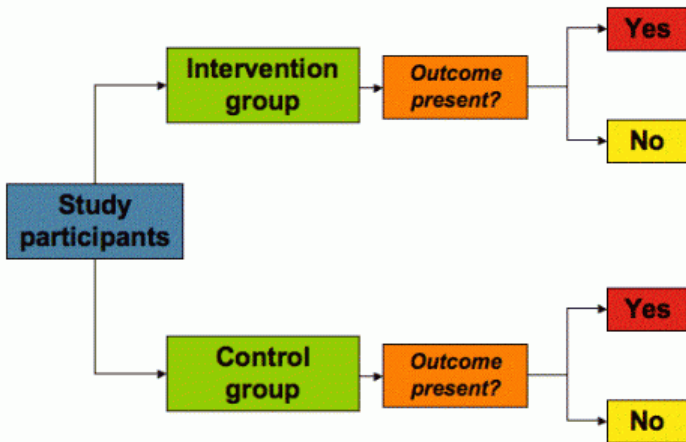
### Conclusions

- Generally Not.
  - Sufficient size
  - Replication opportunity
  - Funder imperative
  - Policy implications
- Evaluations should be rare and purposeful
  - Tremendous costs: time, money and opportunity
- What if result is: no effect?

# Step 3: How to Evaluate?

Evaluation

Design Matters. A Lot.



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Programs

Design Issues

Four  
Challenges

Conclusions

# Simple Model: Pre-Post

Evaluation

Evaluating  
Programs

Design Issues

Four  
Challenges

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Compared to What?



# Model II: Pre-Post Differences between 2 Groups

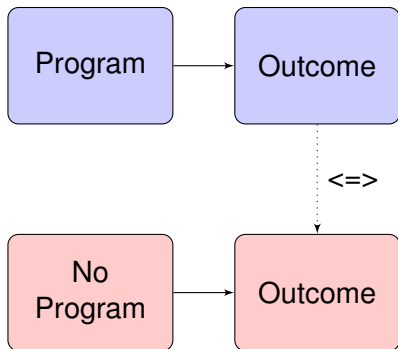
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Evaluating  
Programs

Design Issues

Four  
Challenges

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- Would outcomes be the same in the absence of the program?
- Are clients in Program and No Program groups the same?

# Complications

## Evaluation

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### Four Challenges

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- Who participates and **why**? Who does not?
- Comparison or treatment group chooses (**selects**) program
- **Time** for program and time for impacts to take effects
- Have **reliable and valid** measures
- Keeping 'subjects' - **attrition & incentives**
- Variation in effects by client type (**heterogeneous** effects)
- **Fidelity** to program model—staff are consistent in who gets program and what participants are exposed do
- Crossovers



# Randomized Control Trial

Evaluation

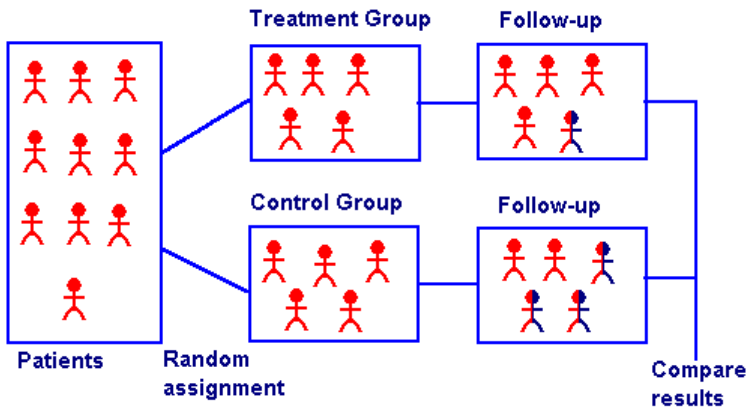
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Programs

Design Issues

Four  
Challenges

Conclusions

## Medical Model



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## Financial Education and Counseling— Still Holding Promise

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**This article reviews the evaluation literature on financial education and counseling for adults in order to synthesize implications for research and practice. Most evaluations report positive impacts, but the findings are often small when compared with valid comparison groups. Many evaluations use self-reported measures, measure outcomes over short time periods and cannot rule out selection bias due to nonrandomized designs, all of which may bias results. Although future research and practice in this field hold promise, more attention to theory-based evaluations and further investment in randomized field experiments may be fruitful.**

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The rationale underlying most financial education and counseling programs is that consumers systematically lack financial information and that they will make “better” financial choices given exposure to added information. This rationale assumes that certain information failures and constraints result in inefficient outcomes and that, given fuller information, consumers will make different financial choices. Of course, consumers face more than informational barriers when they make financial decisions. For instance, consumers may lack self-control or exhibit other behavioral biases that education and counseling may not enable them to overcome. However, all else equal, financial education and counseling hold the promise of improving financial knowledge and facilitating behavior change.

This article reviews and synthesizes forty-one evaluations of financial education and counseling programs in order to shape future areas of inquiry among researchers and inform new approaches among practitioners. The goal was to ascertain what, if any, effects on knowledge

# Randomized Designs vs. Others

Evaluation

Evaluating  
Programs

Design Issues

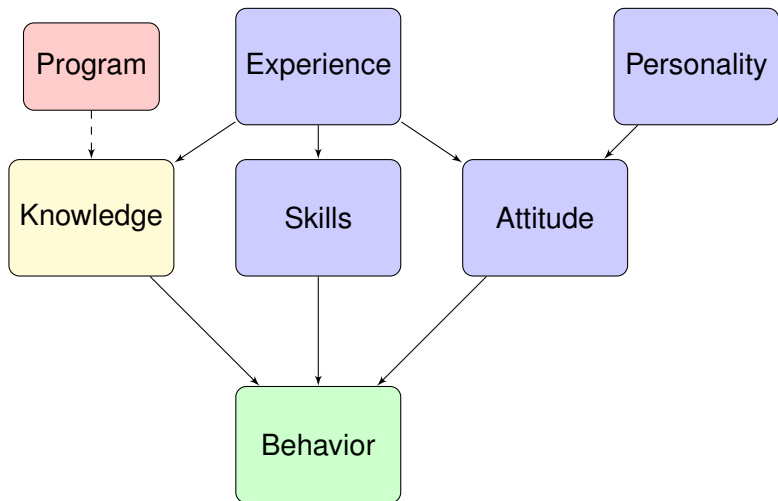
Four  
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- Estimating effects based on what we can observe
- Comparison or contrast group hard to find
- Matching on what we can observe requires large samples
- Often 'true' effects of a single program are small and noisily measured = larger unknowns or error; Null finding is common
- Quasi-experiments always involve tradeoffs; at best triangulate effect size estimates (and directions)
- Often want to look for sub-group effects or interactions

There are creative solutions: waitlists, cohorts, variations in treatment, etc.

# Behavioral Influences: Education Program Example



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Evaluating  
Programs

Design Issues

Four  
Challenges

Conclusions

# Be Careful About What is the 'Right' Outcome.

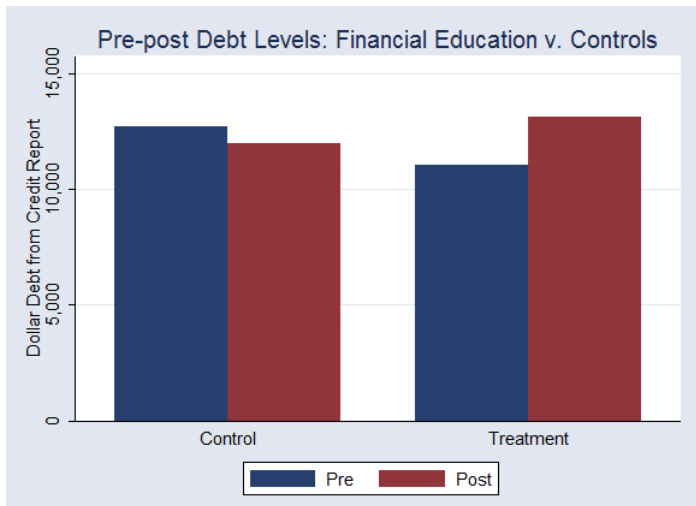
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Evaluating  
Programs

Design Issues

Four  
Challenges

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Collins (2013). The impacts of mandatory financial education: Evidence from a randomized field study (JEB0)

# 1. Human Subjects

Evaluation

Evaluating  
Programs

Design Issues

Four  
Challenges

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- Protection of people in studies.
- Research is different from program - can always opt out of research
- Foundation is informed consent - often in writing
- Coercion to participate—anything that might make taking part less than fully optional or voluntary
- No information is collected without cause
- Risks (always some) and benefits (usually none) made explicit

Very important to uphold highest standards

## 2. Consent

Evaluation

Evaluating  
Programs

Design Issues

Four  
Challenges

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- 1 Welcome to this program: Do you want to enroll?  
(yes-no)
- 2 By the way, will you take part in this study?: Will you sign this 2 page small print form listing a number of risks and rights? (yes-no)
- 3 Oh, and also fill out all these surveys today and more in a year: Will you finish all this? (yes-no)

Which participants will say: "yes-yes-yes"?

External validity problem.

## 3. Take Up

Evaluation

Evaluating  
Programs

Design Issues

Four  
Challenges

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- Intent to Treat (ITT) = best measure
  - Assignment to program (treatment) was random; uncorrelated with outcomes (exogenous)
- Treatment on Treated (TOT) = biased measure
  - Take up of program not random; correlated with outcomes (endogenous)
  - Can use assignment to predict take up as one estimate
- Average treatment effects are overall effects for those who took part and did not take part based on who was *supposed* to take part
  - Will tend to weaken or dampen effects (teaspoon in a bathtub)



## 4. Attrition, Sample Size and Detectable Effects

Evaluation

### Drop Outs

- Pre-Post—people who respond 2 times (can estimate changes)
- Post Only—people who respond after the fact (only can estimate current status)

### Effect Sizes

- Small sample (  $< 100$  in each group) + Noisy measures
- + Small effects of the intervention (rare effects)
- And..care about sub-group effects

Bottom line: need larger sample than expect. Lose 30% due to consent, 30% to attrition, plus partial take up...sample dwindles fast.

# Lessons Learned

## Evaluation

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- 1 Ideal evaluation context is rare and special breed of unicorn: use strategically
- 2 Focus on a clear mechanism for causing change
- 3 High quality, standardized program model with reliable/valid measurement systems
- 4 Randomized treatment in order to cleanly estimate causal effects
- 5 Large sample and pre-post data collection (in most cases) with incentives for cooperation. Minimum detectable effects and power analysis.

**Not easy or cheap to do.**

# Impacts: A Few Examples

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- Health care co-pays and deductables
- Job Training
- Housing Mobility Vouchers
- Head Start
- Class size
- IDAs
- Conditional cash transfers

Few financial capability/literacy/counseling programs have been evaluated rigorously.

If you believe financially-focused programs should be expanded, evaluations are an important step.

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