

## Do Financial Education Programs Work?:

A randomized, controlled trial of a financial literacy curriculum for domestic violence survivors

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- NNEDV for developing this curriculum with The Allstate Foundation and their support of this project
- Project participants including the survivors and advocates

## Study Motivation

- Financial literacy programs are quickly expanding across the U.S. in terms of numbers, size, and target populations.
- Few rigorous evaluations exist testing the efficacy of such programs.
- Lack of rigorous evaluations and evidence is problematic for policymakers and agency administrators looking to develop anti-poverty programs to support asset building and financial skills.

## Previous Evaluations

- Review article of 39 studies found only 4 measured a change in both knowledge and behaviors (Collins & Rourke, 2010)
  - Limitations included selection bias, measurement problems, lack of longitudinal designs, and lack of theory
- An evaluation of the Redevelopment Opportunities for Women's Economic Action Program demonstrated positive outcomes (Sanders, Weaver & Schnabel, 2007)
  - Limitations included a small sample and limited outcomes

## Why Domestic Violence (DV) Survivors?

- Abusers use multiple strategies to maintain power & control over a period of time, e.g. physical, emotional, sexual (Stark 2007)
- Economic abuse is a key strategy used to control a woman's ability to acquire, use, and maintain economic resources (Adams et al. 2008; Postmus et al. 2012)
- Economic factors are the largest predictor of whether a woman stays, leaves or goes back to an abusive relationship (Anderson & Saunders 2003; Kim & Gray 2008)

# The Allstate Foundation Curriculum

- “*Moving Ahead through Financial Management*” curriculum created in partnership with NNEDV
- Foundation teaches practitioners working with DV survivors how to deliver this curriculum
- Based on existing financial literacy curricula but also includes content on understanding economic abuse & what is needed to leave an abusive relationship
  - Disentangling joint financial relationships
  - Locating safety & financial resources
  - Repairing damaged credit
  - Forming economic safety plans
- Available at: [www.clicktoempower.org](http://www.clicktoempower.org)

## Current Study

- Longitudinal, experimental study measuring impact of “Moving Ahead through Financial Management” curriculum on lives of DV survivors
- Survey data collected at four time points over 14 months
- 457 women recruited from 14 domestic violence organizations from 7 states & Puerto Rico
- Criteria to participate included:
  - Female, over the age of 18
  - Experienced some form of IPV in previous year
  - Have not attended a financial literacy class in past 2 years
  - Committed to participate in group if randomly selected to do so
  - Committed to participate in study if NOT selected

## Data Collection

- Interviewed face-to-face for pre-test and then face-to-face or over the phone for the remaining times
- Pre-test (T1) conducted with all who gave consent; post-tests conducted after 2 months (T2), 8 months (T3), and 14 months (T4)
- Gift cards given at each interview with increasing amounts (\$20, \$25, \$30, \$40)
- After pre-test, women randomly assigned to treatment or control groups



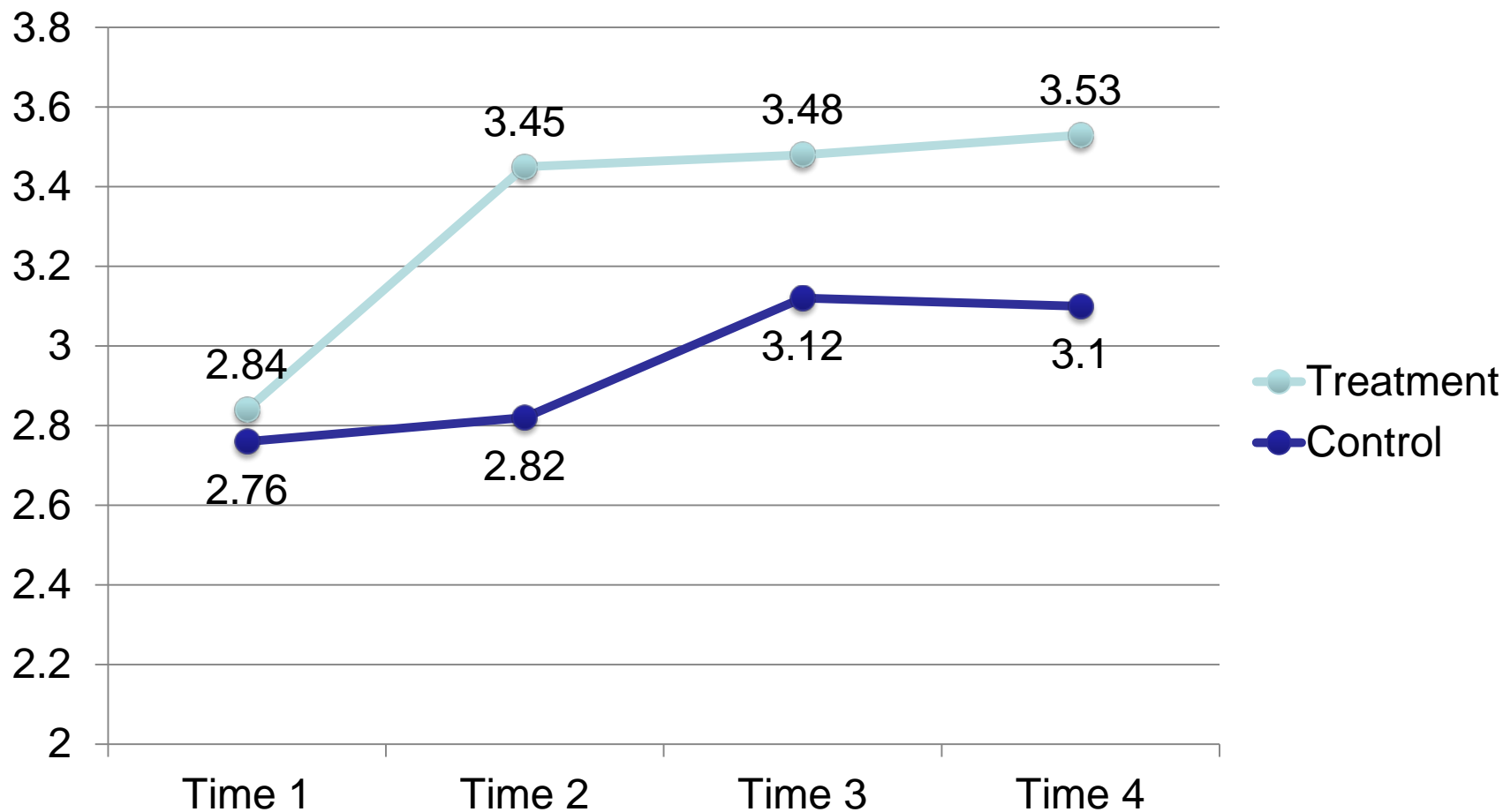
# Sample

- Presenting analysis of participants who completed T1 and T2 (n=300)
- One significant difference at T1
  - Sexual abuse (treatment group reported higher rates)
- Mean age = 35 for treatment and 36 for control (range = 19-62)
- Mostly Latina (59% & 54%)
- Largely immigrant sample (49% & 44%)
- Majority (82%) were financially responsible for at least 1 child
- Income less than \$10k annually (47% & 49%)

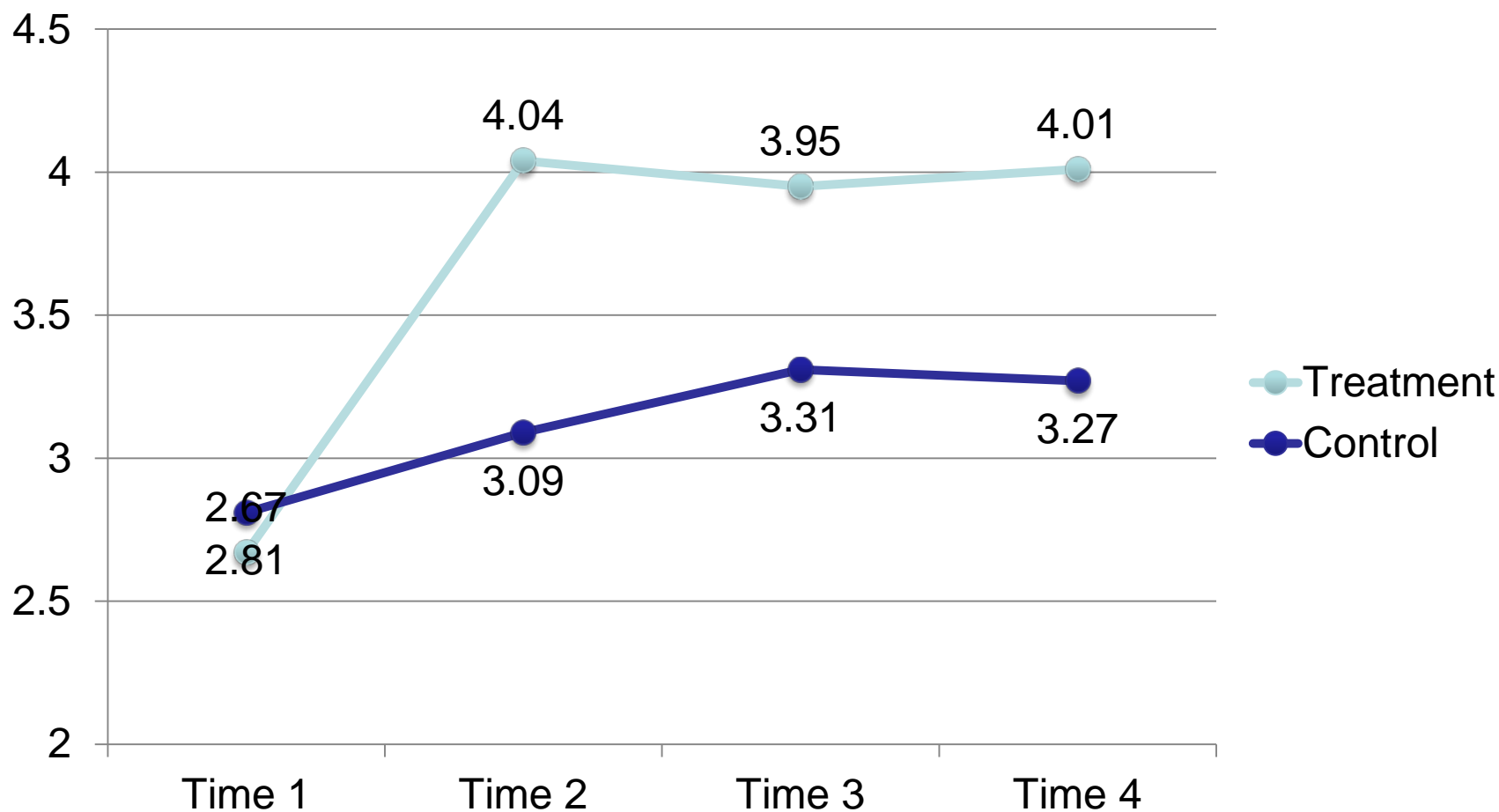
## Dependent Variables

- Financial literacy scale (range of 1 to 5)
  - developed to coincide with curriculum
  - 15-item scale with 4 distinct factors
    - Knowledge about obtaining resources
    - Knowledge about credit and short-term planning
    - Knowledge about partner or joint assets
    - Knowledge about investing and long-term planning
- Financial behaviors scale (range of 1 to 5)
  - developed to coincide with the curriculum
  - 10-item scale with 3 factors
    - Making a personal financial plan
    - Following a financial plan
    - Allocating extra funds

# Financial Behaviors Scale Mean (n=195)



## Financial Literacy Scale Mean (n=195)



# Analytical Approach

- Used difference-in-differences (DID) approach
  - Differences within groups over time (T1-T2)
  - Differences between the group differences
- OLS regression model to include:
  - Relevant covariates
  - Agency fixed effects

## Difference-in-differences (n = 300)

	Time 1	Time 2	Difference
<b><u>Financial Literacy</u></b> Treatment Group	2.73 (0.83)	4.04 (0.66)	1.31
Control Group	2.88 (0.08)	3.14 (0.78)	0.26
			1.05
<b><u>Financial Behaviors</u></b> Treatment Group	2.84 (0.91)	3.48 (0.78)	0.64
Control Group	2.87 (0.91)	2.86 (0.86)	-0.01
			0.65

## Financial Literacy – OLS Results

- Model one (group membership)
  - Participation in curriculum led to a 1.05 point increase in score
- Model two (co-variates and agency fixed effects added)
  - Five covariates were significant
    - Higher IPV and financial literacy scores at T1 decrease the change in financial literacy
    - Being Black & born in the US positively affected change in score
    - Currently in an abusive relationship negatively affected change in score
  - Participation in curriculum lead to 0.989 point increase in financial literacy score

## Financial Behaviors – OLS Results

- Model one (group membership)
  - Participation in curriculum led to a 0.65 point increase in score
- Model two (co-variates and agency fixed effects added)
  - Two covariates were significant
    - Higher financial behavior scores at T1 decrease the change in financial behavior score
    - Number of children positively affected change in score
  - Participation in curriculum lead to 0.599 point increase in financial literacy score



# Summary and Implications

- Assuming a participant scored a 3 (above average) at T1, participation in the curriculum led to a:
  - 33% improvement in financial literacy score
  - 20% improvement in financial behavior score
- Large, statistically significant impact on key components of economic self-sufficiency
- Domestic violence agencies should add financial literacy programs to their core services
- Policies (and funding) should support this addition
- Curriculum may be relevant in other venues serving low-income women

## Limitations

- Short follow-up period
- Sample attrition
- Self-reported measures = Concerns with social desirability
- Limited generalizability
  - Use of IPV survivors receiving services
  - Self-selected to participate in research project
  - Almost half (48%) earn less than \$10,000 annually
  - 72% reported receiving social services
  - Majority (54%) of participants were Latina/Hispanic
  - Almost half born outside the U.S. (48%)

## Next Steps

- Use similar analytical strategies with different outcome measures
  - Mental health outcomes (e.g. depression, PTSD, anxiety, quality of life)
  - Financial health outcomes (e.g. perceived satisfaction with income, financial strain)
- Replicating study with other populations not connected to domestic violence organizations

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