Do Financial Education Programs Work?:

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

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Acknowledgements

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• Principal Investigator, Dr. Judy Postmus
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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
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%)
Evaluation of a Financial Literacy Curriculum

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)

<table>
<thead>
<tr>
<th>Time</th>
<th>Treatment Mean</th>
<th>Control Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time 1</td>
<td>2.84</td>
<td>2.76</td>
</tr>
<tr>
<td>Time 2</td>
<td>3.45</td>
<td>2.82</td>
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<tr>
<td>Time 3</td>
<td>3.48</td>
<td>3.12</td>
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<tr>
<td>Time 4</td>
<td>3.53</td>
<td>3.1</td>
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</table>

Legend:
- Treatment
- Control
Evaluation of a Financial Literacy Curriculum

Financial Literacy Scale Mean (n=195)

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<th>Time</th>
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<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time 1</td>
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<td>Time 2</td>
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<td>Time 3</td>
<td>3.95</td>
<td>3.31</td>
</tr>
<tr>
<td>Time 4</td>
<td>4.01</td>
<td>3.27</td>
</tr>
</tbody>
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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)

<table>
<thead>
<tr>
<th></th>
<th>Time 1</th>
<th>Time 2</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Literacy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment Group</td>
<td>2.73</td>
<td>4.04</td>
<td>1.31</td>
</tr>
<tr>
<td>(0.83)</td>
<td>(0.66)</td>
<td></td>
<td></td>
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<tr>
<td>Control Group</td>
<td>2.88</td>
<td>3.14</td>
<td>0.26</td>
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<tr>
<td>(0.08)</td>
<td>(0.78)</td>
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<tr>
<td><strong>Financial Behaviors</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Treatment Group</td>
<td>2.84</td>
<td>3.48</td>
<td>0.64</td>
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<tr>
<td>(0.91)</td>
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<tr>
<td>Control Group</td>
<td>2.87</td>
<td>2.86</td>
<td>-0.01</td>
</tr>
<tr>
<td>(0.91)</td>
<td>(0.86)</td>
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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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Further Reading


