

**President's Advisory Council on Financial Capability
Research and Evaluation Subcommittee
Report –July 12, 2011**

Subcommittee Members:

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Background:

This subcommittee is exploring several themes aimed at facilitating the identification of, and access to, effective financial education programs by policy makers and practitioners, improving the measurement and evaluation of financial education programs, and increasing access to research and evaluation resources. The subcommittee also is working to develop recommendations in the areas of financial literacy inclusion in state education standards, web-based channels for content, ratings and standards, and data collection, access and analysis.

Areas of Focus:

Financial literacy research priorities

The subcommittee is reviewing what already exists in published research, research priorities, research databases, and organizations with strong interest and/or programming in research to develop guidance in this area. These activities include:

- Review and discussion with FLEC of the “Ten Recommended Research Priorities” (http://www.csrees.usda.gov/nea/economics/pdfs/OFE_Results.pdf) from FLEC’s 2008 National Research Symposium on Financial Literacy and Education to explore development of a shared research agenda.
- Exploration of collaborative research opportunities with the Social Security Administration-funded financial literacy research centers, CFPB, and others.
- Ideas for incorporation of the newly-launched Rand/Dartmouth/Wharton/NEFE searchable database (www.flresearch.org) of published financial literacy and financial education-related research to inform the development of research priorities.

Research and evaluation standards

The subcommittee is endeavoring to understand the landscape of research and evaluation standards in the financial capability field, including the scope of multiple parallel discussions in government, academia and the non-profit sector, in order to develop guidance in this area and minimize possible duplication of efforts. There are three distinct types of standards under consideration:

- *Financial education program ratings*: a (universally-recognized)] process for rating the attributes and quality of individual financial education programs and curricula, and presenting those ratings in an easily-understood format, similar to the Morningstar ratings for mutual funds.
- *Program evaluation standards* (see next point) would likely precede and underlie the program ratings.
- *Financial education program evaluation standards*: common and universal standards by which to measure financial education programs and curricula for content, pedagogy, and effectiveness; and universal standards for evaluation implementation, such as feasibility, utility and accuracy.

The Joint Committee on Standards for Educational Evaluation publishes comprehensive program evaluation standards that could be reviewed by experts for consideration as a template for the financial education community (<http://www.icsee.org>)

- *Financial education research standards*: a set of common and universal standards by which financial literacy research methodologies should be constructed, and the validity of financial literacy research can be measured.

Central repository of standards, ratings, tools and resources

The subcommittee is working on a proposal to recommend development of a “Doing What Works” financial education website, modeled on the Department of Education’s “Doing What Works” website (<http://www.ed.gov>), which is an excellent example of relating research and evaluation to practice, and aggregating resources for practitioners.

- Website content could include: overview of the practice area, research base behind the practice, examples of successful organizations and instructors, and tools and resources to help practitioners improve their own instruction.
- This repository could include standards and ratings for programs, evaluations and research.
- This repository could include background and content to help practitioners, researchers and policy makers make decisions in the area of financial capability.

Data access and analysis

The subcommittee is reviewing helpful sources of data relating to financial education initiatives in order to propose recommendations for new data collection, analysis and access. These areas include:

- *Update National Financial Capability Study*: Considering a recommendation that Treasury and the Consumer Financial Protection Bureau (CFPB) consult with the FINRA Investor Education Foundation to rerun the National Financial Capability Study (NFCS) in 2012. A second study will provide valuable longitudinal data to help researchers understand changes in the financial capability of Americans.
- *Utilize existing data sources*: Considering a recommendation to analyze the National Assessment of Educational Progress (NAEP) data to better understand the financial literacy needs of the nation’s students and determine whether additional concepts can/should be tested by these assessments, as well as publish relevant issue briefs.
- *Utilize Common Core State Standards*. Considering a recommendation that the Departments of Education and Treasury (or the CFPB) work with the National Governors Association and the Council of Chief State School Officers to determine how personal finance can be addressed by the new Common Core State Standards, particularly the Mathematics standards.

Action Items:

The Research and Evaluation Subcommittee joins the Youth Subcommittee in submitting its recommendation that U.S. students participate in the financial literacy add-on developed for the 2012 Programme for International Student Assessment (PISA).