

**President's Advisory Council on Financial Capability
Research and Evaluation Subcommittee Report
November 28, 2012**

The research and evaluation focus of this Subcommittee has aimed to add value and insight to the work of the Council. We are very pleased with the progress that has been made in the areas devoted to research and with our growing understanding of the educational and contextual factors likely to contribute to greater financial capability among American citizens, especially those of lower income.

Where We Should Focus Next

Based on the research and meetings with experts conducted by the Subcommittee, the Subcommittee has identified a number of areas for future consideration. Future study and research should focus on directions that show the most promise for increasing financial capability among Americans, building on strategies and tactics the research already shows to be successful.

Some findings have been the result of studies using clinical trials and convenience samples, with relatively few obtained in field settings. This Subcommittee strongly advises that it is time to increase testing what we know in field settings using robust evaluation methods such as those outlined in an earlier recommendation by the Subcommittee. Doing so would help make the important transition from theory to practice. When practical, field testing should link to longitudinal work so they complement each other. While testing financial capability interventions often requires significant time to record long-term behavior change and knowledge retention, testing in some instances of choice architecture and defaults provides relatively quick feedback on what works, at least in the short run, and simultaneously reveals unintended consequences.

The Subcommittee is working to identify areas that future research and testing should target. We are considering the following areas because they often are considered of potential relevance to people's financial capability:

- Context and Delivery
 - Use of technology
 - Employer engagement
 - Integration of financial products and education
 - Role of social learning and how to influence people's social networks
 - Role of cognitive load and attention limitations
 - Role of diminished capacity (as a function of depletion, etc.)
- Personalization
 - Gender, age, other relevant demographics
 - Personal characteristics
 - Propensity to plan
 - Confidence
 - Access to unbiased information

The collaborative community of researchers and practitioners encourages an environment dedicated to continuous improvement, where research leads to testing and the results of testing lead to revisions, in a feedback cycle that is intended to eventually lead to greater progress in building consumers' financial capability. Such outcomes depend on the ability to successfully educate stakeholders about the importance of proper evaluation methods, effective delivery, and clear objectives for expected outcomes. Dissemination efforts extend beyond the financial capability community; tracking media coverage, for example, indicates the scope of direct-to-consumer messaging. Consistent and repetitive dissemination is ideal for both consumers (to increase relevance and just-in-time availability) and the research/financial education community (to cut down on duplication of effort).

Recommendation

In the course of its work, the Subcommittee has been researching a model for creating a central repository of effective financial educational materials for access by educators. Encouraged by the model “Doing What Works” initiative of the Department of Education, the Subcommittee proposes the following recommendation for consideration of the full Council:

Recommendation: that the Department of Treasury, in collaboration with the Financial Literacy and Education Commission, explore the possibility of building and sustaining a *Doing What Works* website for financial capability that is modeled after the Department of Education’s “What Works” initiative, subject to resources available to support such a website.

Background

Practitioners and policy makers face a challenge when trying to make decisions about how to develop and structure financial education programs—namely, it can be difficult to identify what programs are effective and actually improve financial capability. When faced with a similar challenge about ten years ago, the Department of Education created the [What Works Clearinghouse](#) and the related website [Doing What Works](#) to help educators identify and use proven education programs.

The *What Works* approach implemented by the Department of Education has had a positive influence on both research and practice. Information on effectiveness informs decision makers and practitioners, resulting in evidence-based decisions that can yield improved student outcomes. Further, rigorous and public research standards have led to improvements in the quality of research conducted, strengthening the availability of information on effectiveness. Inspired by this innovation, many other organizations and agencies are embracing the “What Works” approach, including the Departments of Justice and Health and Human Services, among others.

As set forth in Goal 4 of [Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011](#), a report of the Financial Literacy and Education Commission, the establishment of a clearinghouse is an important step in this process. While such electronic

warehouses exist for financial education resources¹, there is not a single site that pulls together resources and research from the various domains that can impact financial education—such as financial education evaluations, choice-architecture research, consumer choice studies, and public policy forums. This is a significant limitation because the subcommittee believes that improving financial capability in the United States will ultimately result from combining the learnings from these various domains. Further, the existing clearinghouses do not provide the information in a standardized format that offers actionable, implementable suggestions for practitioners.

The Research and Evaluation subcommittee recommends that Treasury explore the possibility of creating a *Doing What Works* website modeled after the Department of Education's *Doing What Works* initiative. Importantly, the subcommittee expects that a website of this ilk for financial capability would be of a substantially smaller scale than the Department of Education's site, but the basic goals and concepts would be the same—that is, to be a central and trusted source of evidence for what works in financial education and capability. Such a site could be used in two ways: to highlight programs and research with evaluations of sufficient rigor (building upon the Subcommittee's previous recommendation to develop research and program evaluation standards) and to facilitate the integration of evidence-based program elements into financial capability programs (building upon the Subcommittee's previous recommendation to develop a core set of outcome metrics). Achieving impact will require a sustained commitment to the dissemination of these learnings, including a commitment of funding.

¹ See the Jump\$tart Coalition Clearinghouse at [http://jumpstart.org/jump\\$tart-clearinghouse.html](http://jumpstart.org/jump$tart-clearinghouse.html) and NEFE's Smart About Money Resource Library at <http://www.smartaboutmoney.org/ResourceLibrary/tabid/268/Default.aspx>.