

# AFCO Paperwork Reduction Act Submission

## SUMMARY OF PROPOSED INFORMATION COLLECTION ACTIVITIES

The Department of the Treasury (“Treasury”) respectfully requests processing and approval of the collection of information contained in baseline and follow-up surveys of adult and youth participants in financial capability interventions, as well as one survey of the parents of the youth participants, that will be used by the Office of Financial Education and Financial Access (OFEFA). Each of these surveys is estimated to take approximately 20-25 minutes to respond to.

The information collection is taking place under a contract with the Corporation for Enterprise Development (CFED) to complete two research pilots, the Assessing Financial Capability Outcomes (AFCO) Pilots: Measuring Effectiveness of Financial Education, Financial Skills and Financial Product Usage at Enhancing Participant Knowledge, Behavior and Financial Well-Being. The first pilot addresses financial capability among adults in the United States, and the second among youth. The pilots aim to balance and advance the twin goals of (1) providing rigorous, large-scale and meaningful learning opportunities, and (2) launching and implementing the pilots quickly enough to provide early findings by the end of the contract base year.

### **Adult Pilot**

This adult pilot will be led by the Center for Financial Security at the University of Wisconsin-Madison and the New York City Office of Financial Empowerment (OFE), with support from CFED, and implementation support from the New York City Parks Opportunity Program (POP).

The adult pilot assesses the combined impact of access to financial products and advice on the financial stability and well-being of unbanked adults. Specifically, we will examine the impact of financial counseling on the bank account use and financial outcomes of participants in a transitional employment program (POP) who have been offered free checking accounts and direct deposits of their paychecks. We expect that integrating access to financial products and advice is more effective than a single-pronged approach.

Few studies have addressed the relationship between banking product access and financial education. Research to date suggests that the combination of education and access may improve financial knowledge, behavior, and outcomes (see Baker and Dylla (2007) for a review of some of these studies). However, previous research has tended to examine the impacts of education and access as a single treatment, without comparisons to the effects of either intervention alone. Prior work has also focused mostly on account access combined with traditional modes of education rather than financial counseling.

However, counseling—which offers personalized attention and advice—may be particularly beneficial for individuals working with new accounts.

Findings from the research pilot will inform the development of future programs and initiatives to facilitate financial access and improve financial well-being for underserved low-income adult populations.

The research will test the outcomes of the interventions alone and in combination on (1) the beneficial use of a checking account by program participants and (2) the general financial well-being of participants. Study participation will be completely voluntary. Changes between baseline and follow-up and differences between the treatment groups will be measured using administrative data (transactional data from the checking accounts and credit reports). This data will be supplemented by survey data. Study participants will be surveyed in person on-site at POP to collect baseline information on current account use and financial situation, and again within the following year to collect indicators of intervention outcomes. Participants who have left the program early, or who are otherwise not available to take the survey onsite will receive a mail survey.

### **Youth Pilot**

This youth pilot will be led by the Center for Financial Security at the University of Wisconsin-Madison, with research support from faculty members at the Wisconsin School of Business and the University of Kansas, and staff from CFED.

The youth program AFCO pilot tests if the combination of financial education and access to bank accounts through an elementary school credit union branch results in greater retention of financial knowledge than financial education alone. We additionally plan to measure impacts on financial attitudes and behavior. The pilot will take place in the Eau Claire Area School District in Wisconsin in collaboration with Royal Credit Union.

Teaching financial topics to children is expected to facilitate healthy financial behaviors in adulthood, while potentially influencing parents as well (for a discussion see Holden et al. (2009); Lucey & Giannangelo (2006)). In addition, research shows that children may learn more from financial education if it is experiential and relevant to their lives. Providing access to banking services while teaching a financial education curriculum could help students make a connection between financial education and financial services and practice newly-learned skills. This could improve their learning and retention of the curriculum (for a discussion see Sherraden, Johnson, Guo, & Elliott (2010)).

A growing number of schools have added ‘student bank branches’ on site to take deposits and encourage basic financial management. Likewise, some schools and teachers have added personal finance as part of economics, social studies and/or math education programs, or offer such topics as extracurricular programs. Previous studies suggest that youth account ownership and/or financial education may affect students’ financial knowledge, attitudes, and behavior. For example, Sherraden, Johnson, Guo, and Elliott (2010) compared the financial knowledge of elementary school children who received both savings accounts and financial education to that of a control group that received

neither. They found significantly higher scores among the treatment group. Elliott and Beverly (2011) found that high school students with savings accounts who expect to graduate from college are more likely to attend college than students who do not have accounts but also expect to graduate from college. However, little research to date has explored the extent to which financial education and account ownership build on each other to improve student outcomes. This study will provide insight into the relationship between the two strategies by addressing the impact of a financial education curriculum and a school banking program (where account ownership is optional) both individually and in combination.

Given the pressures teachers and school administrators face in developing and delivering comprehensive financial education curricula with limited class time, this research will provide valuable insight into effective strategies for teaching personal finance topics to elementary school students, helping them build the necessary capacity to manage their finances as adults.

Study participation will be completely voluntary, and those students who choose to participate will be surveyed in person on-site at school to collect baseline information in the form of a financial assessment evaluating financial knowledge, attitudes, and behaviors relevant to the participants' age level. The same assessment will be administered towards the end of the school term to allow for the analysis of any changes associated with the interventions. In addition, a survey will be mailed home to parents to gather key data on family demographics and financial attitudes and behavior which will be used to strengthen the analysis of student outcome data. Finally, administrative transaction data will be collected for students with youth savings accounts to assess both students' level of engagement with their accounts and changes in banking behavior over the study period.

### **Sampling**

No sampling or other statistical methods will be used in either pilot to select the survey respondents or extrapolate or generalize the study results to a wider population. Rather, the size of the pilot sample (approximately 1000 participants in each study) has been chosen to maximize the likelihood of obtaining meaningful findings with the least possible number of participants. All study participants will be asked to respond to baseline and follow up surveys, and the results will be analyzed (along with available administrative data) to provide information on the impact of the different interventions on the groups to whom they were offered (assessment of the "intent to treat" effect). The findings will therefore be specific to the interventions and populations tested.

### **Research ethics**

All consent forms, data collection (survey) instruments, and research designs have been reviewed and approved by the University of Wisconsin-Madison Education Research and Social and Behavioral Sciences Institutional Review Board (IRB).

### **A. JUSTIFICATION**

1. CIRCUMSTANCES NECESSITATING THE COLLECTION OF INFORMATION

Pursuant to the Title XII of the Dodd-Frank Wall Street Reform and Financial Protection Act (Pub. L. 111-203), the Department of the Treasury is implementing an Assessing Financial Capability Outcomes pilot to determine whether the close integration of financial access (access to an account at a financial institution) and financial education delivered in a timely, relevant, and actionable manner, will create significant impact on the financial behaviors and/or outcomes of participants. In particular, the proposed surveys (baseline and follow-up) will help Treasury better understand how financial capability (knowledge, attitudes and behavior around personal financial management) may be affected among both adults and youth by financial capability interventions.

As mentioned above, few studies have addressed the relationship between banking product access and financial education. Research to date suggests that the combination of education and access may improve financial knowledge, behavior, and outcomes. However, previous studies have tended to examine the impacts of education and access as a single treatment, without comparisons to the effects of either intervention alone, which is a key focus of this research.

2. USE OF THE DATA

The information collected will be used for research, to promote the Treasury's understanding of likely outcomes of financial capability interventions. It will not be used to implement policy, but rather to generally inform Treasury's knowledge about financial capability interventions with two different populations: (1) disadvantaged adults; and (2) children in an educational setting.

An analysis of the aggregate results of the survey (not to include any individual responses or personally identifiable data) will be provided to Treasury. Treasury expects that final findings from the project will be published in a report following the end of the project. The publication will not include any information pertaining to specific answers or individuals.

3. USE OF INFORMATION TECHNOLOGY

To assure the highest quality data and lowest burden of participation from respondents, the surveys will be administered primarily in person on-site at the place of program intervention (POP or school). Adult participants who have left the POP program early, or who are otherwise not available to take the survey onsite will receive a mail survey, which is more accessible and appropriate for the study population than a web-based follow up survey. Parents of the students will also receive one survey by mail, which our expert research partners have found to be the most effective way to contact and collect information from this population.

4. Efforts to identify duplication. Based on Treasury's work with the Financial Literacy and Education Commission, and knowledge of research in the field of

financial education and financial access, we believe similar research data is not available from another source.

5. Not applicable
6. Consequence to Federal program or policy activities. This information collection is for research purposes, and may inform future policy activities, but does not impact current policies or programs.

7. Not applicable.

8. SOLICITATION OF COMMENTS

Treasury published a notice for public comment in the Federal Register on September 13<sup>th</sup>, 2011 (Vol. 76, Page 56499). No comments were received.

9. PROVISION OF PAYMENTS TO RESPONDENTS.

In order to maximize study participation and survey response rates, adult pilot respondents will receive a \$25 gift card (prepaid debit card) as an incentive and token of appreciation for consenting to participate in the study, and a \$10 metro card as a token of appreciation for responding to the follow up survey. They will also receive a \$25 gift card for opening an NYC employee checking account in conjunction with their participation in the study. In order to maximize study participation and survey response rates according to standard practice, a \$2 pre-incentive will be included with the study recruitment and survey materials sent home to parents in the youth study.

10. ASSURANCE OF CONFIDENTIALITY

While personally identifiable information (names) must be collected via the survey instruments in order to match up and compare baseline and follow up responses, respondents will be assured that their answers will not be attributed to them individually or shared by the researchers on an individual basis with anyone, to the extent allowed by law. See language in attached survey consent forms. The two institutions that will handle personally identifiable data – OFE and the University of Wisconsin Survey Center – are trained and experienced in data security protocols.

11. QUESTIONS OF A SENSITIVE NATURE

There are no questions of a sensitive nature.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Each of the two pilots is anticipated to recruit no more than 1,000 individuals, for a total of 2,000 primary survey respondents. Each participant will be asked to

respond to both a baseline and a follow up survey, for up to a total of 4,000 annual responses. The time burden of each request is estimated as follows:

- (a) Recruitment into the study and response to consent (adult) / assent (youth) forms: 15 minutes
- (b) Response to baseline survey: approximately 20 minutes
- (c) Response to follow up survey: approximately 20 minutes

This would sum to a maximum potential burden on primary respondents of 55 minutes, for a total burden across all primary participants of 1,833 hours.

In addition, the time burden of the request to parents of the youth participants is estimated as follows:

- (a) Recruitment into the study and response to consent form: 15 minutes for up to 1000 parents = 250 hours
- (b) Response to one mail survey: approximately 20 minutes for 1,000 parents = 333 hours.

This would sum to an additional time burden on parents of 583 hours, for a total burden of information collection for the entire project of 2,416 hours.

#### 13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Department estimates that there will be no annualized capital/start-up costs for the respondents to collect and submit this information.

#### 14. ESTIMATED COST TO THE FEDERAL GOVERNMENT.

The full price of the AFCO research project to the Treasury is \$763,167. We estimate that costs of research management and implementation are those directly related to data collection, which equal approximately 18% of the total cost.

#### 15. EXPLAIN ANY CHANGES FROM THE PREVIOUS SUBMISSION

This is a new collection.

#### 16. PLANS FOR TABULATION, STATISTICAL ANALYSIS, AND PUBLICATION

Treasury expects that final findings from the project will be published in a report following the end of the project. The publication will not include any information pertaining to specific answers or individuals. Rather, it will involve the publication of only high level aggregate results and the researchers' analysis of findings from the surveys combined, in some cases, with data from other secondary (administrative) sources. The results will be analyzed to provide

information on the impact of the different interventions on the groups to whom they were offered (assessment of the “intent to treat” effect).

Base year surveys will be conducted between January and September 2012. If additional funding is available, surveys will continue to be fielded for up to three additional option years. Publication is expected in late 2012 or early 2013.

17 REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE.

We will not seek an exemption.

18. EXCEPTIONS TO CERTIFICATION REQUIREMENT OF OMB FORM 83-I

There are no exceptions.