Financial Coaching: Measuring Outcomes

September 10, 2010

Center for Financial Security

UNIVERSITY OF WISCONSIN-MADISON
Measuring Outcomes

- Pre Survey
- Post Survey
- Goal Attainment
- Financial Behavior / Attitudes

Who selects to work with a coach?
- People who are motivated
- Likely to be doing better regardless
- Comparison group hard to find
Central New Mexico Community College
Student Survey
April 2010
Survey

- Sent to two groups of CNM Students
  - Offered Achievement Coaching (n=81)
    - “CLIENTS”
  - Other CNM students not explicitly offered Coaching as a comparison group (n=97)
    - “COMPARISON”

- Note:
  - all are CNM Students
  - Coaching not just $$ matters
Satisfaction:
Most Coached Clients Are Happy with Services

How satisfied are you with how well you and your coach work together to solve your problems?

- Very satisfied: 56%
- Satisfied: 31%
- Neither satisfied nor dissatisfied: 11%
- Dissatisfied: 2%

Clients (n=55)

Source: CNM Coaching Survey
Negative Financial Management Events Common

In the past 6 months have you...

Paid a late fee on a bill: 47% (Clients), 49% (Comparison)
Received a phone call from a lender or creditor: 40% (Clients), 44% (Comparison)
Taken out a cash advance, title, or payday loan: 14% (Clients), 14% (Comparison)
Bounced a check: 10% (Clients), 9% (Comparison)
Been evicted or had a mortgage foreclosed: 4% (Clients), 5% (Comparison)

Source: CNM Coaching Survey
Focus on Credit

Have you checked your credit report in the past year?

Source: CNM Coaching Survey
What is the level of your financial stress today? (1=no stress, 10=overwhelming stress)

If you had a question about a financial problem how confident are you that you could identify a solution? (1=not at all confident, 10=very confident)

If you had a financial problem how confident are you that you could find someone you trust to help you? (1=not at all confident, 10=very confident)

Source: CNM Coaching Survey
CNM Findings: Overall

• Clients offered coaching had more needs
  – Slightly less access/use of financial services
  – And connected to more services

• More financial distress
  – But also ability to address issues

• Given hardships of targeted clients, positive effects relative to comparison group
CWF Data from 3 Sites
Collected by Abt Associates\(^1\) 2008

- n=168
  - Bon Secours of Maryland Foundation 55
  - Central New Mexico Community College 59
  - St. Louis MET Center 54
- 83 self-report that they met with a coach at least once in the past year
- 85 self-report never met with a coach

\(^1\) Burnett, K, St. George, A. et al. Pathways to Success an Interim Analysis of Services and Outcomes in Three Programs, prepared by Abt Associates Inc. for the Annie E. Casey Foundation, Baltimore, MD, December 2008.
More Likely to Save

Thinking about the last year, which statement best describes your typical savings behavior?

- I save money when I can but this doesn't happen often (Coaching Clients: 35%, Comparison: 40%)
- I save when there is something specific that I want to buy (Coaching Clients: 14%, Comparison: 7%)
- I try to save a set amount on a regular basis (Coaching Clients: 40%, Comparison: 29%)
- I don't save any money, I spend all of my income as it comes in (Coaching Clients: 11%, Comparison: 24%)

Source: Abt Associates CWF Survey
More Frequent Positive Behaviors

Thinking about the past year, rate your Financial Behavior on a scale of 1 to 5
(1=Never, 5=Always)

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Coaching Clients</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>I check my credit report regularly</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>I evaluate my current insurance coverage</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>I look for ways to cut expenses</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>I spend more than I earn</td>
<td>2.4</td>
<td>2.7</td>
</tr>
<tr>
<td>I set aside money for savings</td>
<td>3.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: Abt Associates CWF Survey
Greater Financial Security? Managing Debt
Thinking about the last year, which statement best describes your ability to pay any outstanding debt(s) you owe (e.g., for medical bills, credit cards, other loans)?

Source: Abt Associates CWF Survey
Greater Financial Security?
Financial Management and Access to Benefits

- Do you presently have money equal to three months of living expenses set aside for emergencies?
  - Coaching Clients: 24%
  - Comparison: 8%

- Have any of your utilities been disconnected?
  - Coaching Clients: 16%
  - Comparison: 21%

- Did you receive a work support or public benefit that helped increase your income?
  - Coaching Clients: 49%
  - Comparison: 53%

- Have you been contacted by a collection agency about an unpaid bill, debt, or unsettled claim?
  - Coaching Clients: 44%
  - Comparison: 57%

Source: Abt Associates CWF Survey
Comparison with Abt Survey: Lack of Awareness
Most Common Reason

**CNM**
- Didn't know that I could work with a coach: 39%
- I prefer to get help from my family and friends: 13%
- No problems to discuss: 4%
- Other: 31%
- Too busy: 13%

**Abt**
- Didn’t know that I could work with a coach: 47%
- I Prefer to get help from my family and friends: 26%
- NO financial problems to discuss: 9%
- Other: 13%
- Too busy: 5%

Source: CNM Coaching Survey
Source: Abt CWF Survey
Strong Satisfaction Ratings

IF HAVE MET WITH COACH: How satisfied are you with how well you and your financial coach work together to solve your financial problems? (Check one) (n=81)

- Very satisfied, 56.8%
- Satisfied, 27.2%
- Neither satisfied nor dissatisfied, 14.8%
- Very dissatisfied, 1.2%

Source: Abt Associates CWF Survey
CWF Data Findings

• All Self Reported
  • likely positive selection

• But several indicators show stronger financial behavior for coaching clients
  • Basic financial management issues & behaviors
    • Bill payment and other issues
  • Also positive perceptions of services

• Not all clients interested
  • No problems or prefer not to use outsider
  • But most are: main issue is awareness
Measuring Impacts?

• Coaching has intrinsic bias of most motivated clients – hard to separate service from choice to participate
  • Focus more on mechanism: self control and executive attention
Measuring Outcomes

- Knowledge, attitudes, beliefs, and skills (KABS)
  - Credit, budgeting and products
  - Factual quiz versus self-report
- Goals – attainable, measurable & confidence in achievement
- Self-Control - *regular* savings or debt repayment behavior
  - Executive attention - bill payment
- Products / service usage
  - Self-report + administrative data (account balances, etc)
- Credit behavior
  - FICO score and report

Finding a valid comparison group
- Motivated clients – separate service from choice to participate
  - Ideal: Randomize offer
Resources

• NEFE Evaluation Toolkit and Manual
  http://www2.nefe.org/eval/intro.html

• University of Wisconsin Extension – Evaluation Resources
  http://www.uwex.edu/ces/pdande/evaluation/index.html

• Financial Coaching  http://fyi.uwex.edu/financialcoaching/