

**Expanding Financial Skills
in
Low-Income Communities**

*A Framework for Building an
Effective Financial Education Program*

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I. INTRODUCTION: Challenges in Delivering Financial Education Training

This project was conceived in response to discussions amongst members of the Banking Services Committee of the Massachusetts Community & Banking Council (MCBC) who were receiving information from their constituents and colleagues relative to the financial skills and training of community members across the state.

In recent years, economic opportunities and financial services have become innovative, complex, and potentially troublesome for low-income consumers. While there are many paths to pursuing upward economic mobility, some are fraught with high cost fees or asset-stripping risks. At the same time, a discouraging number of community members remain outside the mainstream of financial services and do not benefit from its opportunities. There is ample need for financial education training to assist low-income community members in distinguishing the opportunities from the pitfalls while improving their financial security.

Despite the apparent need for education on financial topics, there appears to be underwhelming demand on the part of prospective participants. Reports of poorly attended trainings, undistinguished outcomes, and miscommunication amongst institutions on the community level resulted in the Committee posing the following questions.

- ❖ If there is a need for training, why isn't there a demand for it?
- ❖ Why are some trainings more effective in their delivery and outcomes?
- ❖ What can we learn from successful programs and partnerships at the community level?

The Committee designed a pilot program to improve financial education by developing a model of non-profit/financial institution partnership wherein technical assistance in design and planning would be provided for up to six Boston-area non-profit organizations. An experienced trainer with a background in non-profit management would work with executive directors and key staff members at the non-profit organization to develop a training that would integrate with and strengthen existing programs, utilize community resources effectively, and meet needs of varied groups of trainees. The goal was for the organization to be able to implement a thoughtful training without requiring substantial new organizational focus, infrastructure, or staffing. The resulting training designs would serve as models for future community/bank partnerships in training design and delivery. The Committee engaged the services of the Midas Collaborative, with strengths in training and program implementation, as well as networks amongst non-profit organizations and financial institutions, to implement the pilot program.

The pilot program was marketed extensively in the Boston area among networks of MCBC and Midas organizations and financial institutions. The outreach revealed a landscape of need amongst community residents without the non-profit infrastructure that could innovate to meet the changing economic environment at the community level. The nearly thirty organizations that were actively pursued were largely unresponsive, though most stated a need for financial education amongst their clients. The executive directors described an inability of the organization to add to their bundle of services in a resource-challenged environment, as well as cautionary tales about previous financial education programs that "failed". The trainings, as described, appeared to have been quickly designed, diffusely marketed, and poorly attended. The Committee revised their program to emphasize the importance of training design from the learner's perspective, and to provide case studies of organizations that are effectively designing and delivering well-attended and effective financial education programs.

Expanding Financial Skills in Low-Income Communities: A Framework for Building an Effective Financial Education Program (The Framework) is an exploration of the Committee's questions on financial training effectiveness, which incorporates a review of current research on adult education as well as tools, resources, and examples from the field. *The Framework* is a guide for non-profit executive directors, trainers, financial

institutions, and others who hope to learn from best practices in financial education training for adults. It is based on academic research, case studies, and practical tips from practitioners from Eastern Massachusetts. It is particularly intended for directors and other staff members of non-profit organizations who would like to integrate financial education into existing programs in community development or social services, and who may be less experienced in current practices in adult education. Above all, it recognizes that the learning process is complex, and powerful when supported by thoughtful design, meaningful partnerships, and effective training methods.

II. EXECUTIVE SUMMARY: A Framework for Building a Financial Education Program

In recent years, economic opportunities and financial services have become innovative, complex, and potentially risky for low-income consumers, a discouraging number of whom remain outside the mainstream of financial services and do not benefit from its opportunities. There is ample need for financial education training. At the same time, there appears to be underwhelming demand on the part of prospective participants and the organizations that serve them. Reports of poorly attended trainings, undistinguished outcomes, and miscommunication amongst institutions on the community level led in the Banking Services Committee of the Massachusetts Community & Banking Council (MCBC) to explore the issues and to produce the *Framework*.

The *Framework* is presented as a guide for non-profit executive directors, trainers, financial institutions, and others who aspire to develop and support high quality, high demand financial education training for adults. Through the efforts of The Midas Collaborative, over 30 non-profit organizations and financial institutions were contacted; their information was combined with national research in the areas of adult education and financial education. The major findings are as follows:

1. A number of leaders of organizations in Eastern Massachusetts are unfamiliar with the process of hosting high quality training, though they do see a need for the skills among their community members.
2. Though “financial literacy” is considered a life-long process, financial education is a relatively new field, and can benefit from the academic research provided by the field of adult education.
3. From the adult education field, we learn that adults learn more effectively when trainings have relevancy and immediate application, are presented in a collaborative and varied format, and coincide with their particular life stage, culture, and learning style. More learning is gained from problem solving, discussions and inductive reasoning. Learner-inspired curriculum stimulates group involvement, resulting in ownership, implementation, and retention. A learner-centered model of training is more effective in enhancing demand, continuity, and outcomes. As such, trainings should begin with an understanding of the needs, motivations, strengths, and barriers of the learners before the determination of curriculum, structure, or evaluation is made.
4. There is promise in integrating financial education into complementary personal or professional development.
5. Training is strengthened by knowledgeable initiators and valuable partnerships with financial institutions, philanthropies, and local institutions.

Leading theorists in the adult education field such as Knowles, Gardner, Bruner and Cross are summarized in this paper and offer significant information helpful to understanding the challenges often overlooked or unexplained in teaching new information to a complex audience of adult learners. Emphasis is made on the importance of instructors’ knowledge of characteristics of adult learners and cultural groups as a whole as well as the often overlooked affects of age, cultural differences, habits, beliefs and biases on learning. Practical applications for trainers are presented to connect the theory to the practice of training. The potential of partnerships in enriching and informing financial education training is presented, as well as practical information on the role of partners such as financial institutions and philanthropies. Five case studies from non-profit organizations are presented, as

well as lists of local and national resources to produce a practitioner-friendly guide to increasing quality in financial education.

III. DEFINING FINANCIAL LITERACY

There are a number of definitions of financial literacy provided by national associations in the field.

The U.S. Financial Literacy and Education Commission defines financial literacy as “*the ability to make informed judgments and to take effective actions regarding the current and future use and management of money.*” Financial literacy should include the ability to understand financial choices, plan for the future, spend wisely and manage and be ready for life events such as job loss or saving for retirement. At the heart of the definition of financial literacy, is the term “informed”. It is the effective use of information in the decision making process that separates the more literate from the less literate decision.¹

Loma, an international association of insurance and financial service companies from over eighty countries engaged in research and educational activities committed to improving financial literacy, sees the challenge of improving financial literacy first as defining the term. “*One formal definition of personal financial literacy is the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. Financial literacy includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy.*”²

In the executive summary of the 2002 symposium sponsored by the National Endowment for Financial Education (NEFE) several entities including higher education, nonprofit organizations, media, financial service firms, government agencies, corporation and foundations sharing the common vision of national financial literacy were fragmented in the overall effort and did not come to consensus on the formal definition of the term “financial literacy.” For their discussion, NEFE offered the same definition of financial literacy as that provided by Loma.

NEFE’s summary goes on to point out how the subtle variations in viewpoints affected the tone of discussion. Opinions differed on who should take the lead in providing financial education, what educational approach is the most effective, and what environment is most appropriate for delivering information.

Though there is no clear consensus on the definition of literacy per se, it is important that prospective trainers reach some common understanding on their individual definitions of literacy as a component of their planning process. The definition of the goals of the program—however ambitious—will guide its design.

IV. WHAT CAN WE LEARN FROM RESEARCH IN ADULT EDUCATION?

In the marketplace served by MCBC, there is appreciation of the need for financial education. However, there are few trainers in the field of financial education who are professional educators. While the field of financial education is informal, specialized, and relatively new, the larger field of adult education has matured to the point where substantial research has been provided on the learning processes of adults. Planners and trainers in the field of financial education can benefit from the research and strategies of adult educators. A summary of the leading theories in adult education is provided here, with particular out-takes on their application for trainers of financial education.

¹ Basu, Somnath Dr., “*Financial Literacy and the Life Cycle*” White House Conference on Aging, 2005; FPA-White-Paper-on-financial-literacy-and-the-life-cycle.doc

² Stone, Gene, LOMA, “Financial Literacy” June 2004; www.loma.org; FLMI, ACS, CLU Senior Associate, LOMA

A. Defining Educational Goals:

“Skills or Function?” is one of the questions posed by adult educators designing financial education programs. With recent program changes within federal and state departments of education moving learning from an input/content approach, to a measurable outcome approach, a question that gets asked is, for example, “do we teach mathematical skills or functional mathematics?”

If defined in terms of literacy alone, *input literacy* is defined as “sentences that you read and listen to.” If you understand these sentences, they are stored in your brain. The challenge for teachers is to design material that is funny, timely, or otherwise engaging as input is received and more likely stored. The opposite, *output literacy*, is defined as “producing sentences by speaking and writing.”³ For financial literacy students, it is shown when a student demonstrates the ability to function competently in the personal financial arena. Based on input heard or read before, the production in literacy can be seen when the learner can say the same or something similar to what he or she previously learned while in a financial training. This is ultimately achieved when the learner can independently perform an activity that he has heard or seen before. It is often an unconscious act performed automatically by the brain that demonstrates the fully integrated and internalized knowledge. Tom Ciancone, a numeracy (literacy and basic math) instructor since 1988, emphasized the importance of functional mathematics based on principles of adult learning that are functional and relevant to everyday life. This model supports learning outcomes as a focus rather than input, citing that “ultimately the literacy skills that learners demonstrate...matter the most.”⁴

In the financial literacy context, this transition to outcome-goals raises questions. Is the goal to host a training and have people come, or is the goal to see learners demonstrate skills through specific outcomes? The goals of the former question can be met, but are not likely to be sustained if the outcome goals are not being met by the attendees. Adults, whose attendance is usually not required at financial trainings, will often “vote with their feet” and stop attending if the training is not meeting their own outcome goals. If the goal is outcome-focused, it is not enough to simply present materials on financial topics. Learners must demonstrate and utilize new skills in order to indicate the success of the training. These outcomes could include completed budgets or financial plans, opened or maintained bank accounts, improved credit scores, assets purchased, increased income, improved family communication, and others.

In order to achieve these more comprehensive outcomes, an understanding of how such skills are adopted is necessary. For that, we look to the researchers in the field of Adult Education.

³ Input-Getting English Into Your Head; <http://www.antimoon.com/how/input.htm>

⁴ Ciancone, Tom, “Learning Outcomes Matrix: Adults Learning Maths”, Toronto District School Board, Canada, 1997; <http://www.alm-online.org/Newsletters/newsletter9.htm> - outcomes

B. Leading Theories in Adult Education

Theory of Andragogy, (Malcolm Knowles)

We lead with Malcolm Knowles, an eminent researcher and theorist in the field of adult learning. Knowles' Theory of Andragogy compares pedagogy and andragogy and notes that adult learning differs from learning acquired in youth. Pedagogy is the "art and science of helping children learn"; Andragogy is "the art and science of how adults learn."⁵ Pedagogy is the process used for basic subject matter and content matter generally used later. Andragogy describes knowledge and skills learned that could be applied soon. Unlike many children, Knowles emphasizes, adults are self-directed and expect to take responsibility for decisions. They are best served by performance-centered learning. This is an inductive⁶ style learning that incorporates realistic situations like case studies, role-playing and demonstrations. The teacher or instructor guides the discussions that lead to the concept with an orientation for immediate application.

The question that arises is, "How do adults learn and how is 'learning' defined?" Knowles clearly distinguishes pedagogy as teacher directed learning where the student is characterized as "youth" and his or her experiences are of little value. Deductive learning is employed and instruction is given in lecture, text or related mediums for the purpose of future application. This style of learning, though still used, is for *dependent learners* and relies heavily on the teacher for instruction, topic selection and assessment of whether or not the knowledge has been acquired.

He noted that adults learn as they:

- 1) move from dependency to self-directedness;
- 2) draw upon their reservoir of experience for learning;
- 3) are ready to learn when they assume new roles; and
- 4) want to solve problems and apply new knowledge immediately.

Accordingly, Knowles suggested that adult educators should:

- set a cooperative learning climate
- create mechanisms for mutual planning
- arrange for a diagnosis of learner needs and interests
- enable the formulation of learning objectives based on diagnosed needs and interests
- design sequential activities for achieving the objectives
- execute the design by selecting methods, materials, and resources, and
- evaluate the quality of the learning experience while re-diagnosing needs for further learning

Initially defined as, "the art and science of helping adults learn," andragogy—as opposed to pedagogy—has come to be understood as a learner-focused approach for people of all ages.

In practical terms, Andragogy means that instruction for adults needs to focus more on the process and less on the content being taught.

⁵ Mott, Chris, UF Graduate Student, University of Florida Extension IFAS Adult Learning and Extension Professional Development, Birkenholz, 1999.

⁶ Ibid.

Application for Trainers:

1. There is a need to explain why specific things are being taught. Adults need to be involved in the planning and evaluation of their instruction.
2. Adults are most interested in subjects that have immediate relevance to their jobs or personal lives. Learning activities should be in the context of common tasks to be performed. Instruction should be task-oriented instead of rote-oriented.
3. Instruction should take into account the wide range of different backgrounds of learners; learning materials and activities should allow for different levels/types of previous experience with materials and training formats (e.g. computers).⁷
4. Since adults are self-directed, instruction should allow learners to discover things for themselves, providing guidance and help when mistakes are made. Adult learning is problem-centered rather than content-oriented.⁸ Experience (including mistakes) provides the basis for learning activities. Instructors are more appreciated and listened to when they adopt a role of facilitator or resource rather than lecturer or grader.
5. Strategies such as case studies, role-playing, simulations, and self-evaluation are most effective.

Characteristics of Adults as Learners (CAL), (K. P. Cross)

Theorist K. P. Cross (1981) presents the Characteristics of Adults as Learners (CAL) model in the context of her analysis of lifelong learning programs. The model integrates other respected theoretical frameworks for adult learning such as Andragogy (Knowles), Experiential Learning (Rogers), and Lifespan Psychology.⁹

The CAL model consists of two classes of variables: personal characteristics and situational characteristics. Personal characteristics include: aging, life phases, and developmental stages. These three dimensions have different characteristics as far as lifelong learning is concerned. Aging results in the deterioration of certain sensory-motor abilities (e.g., eyesight, hearing, reaction time) while intelligence abilities (e.g., decision-making skills, reasoning, vocabulary) tend to improve. Life phases and developmental stages (e.g., marriage, job changes, retirement) involve a series of plateaus and transitions, which may or may not be related to age.

Situational characteristics consist of part-time versus full-time learning, and voluntary versus compulsory learning. The administration of learning (i.e., schedules, locations, procedures) is strongly affected by the first variable; the second pertains to the self-directed, problem-centered nature of most adult learning. The CAL model is intended to provide guidelines for adult education programs.

Application for Trainers:

1. Adults should have as much choice as possible in the availability and organization of learning programs.¹⁰
2. Adult learning programs should capitalize on the experience of participants.
3. Adult learning programs should adapt to the aging limitations of the participants.
4. Adults should be challenged to move to increasingly advanced stages of personal development.

⁷ Knowles, M. (1984). *The Adult Learner: A Neglected Species* (3rd Ed.). Houston, TX: Gulf Publishing.

⁸ Knowles, M. (1975). *Self-Directed Learning*. Chicago: Follet

⁹ Cross, K.P, *Adult Learning*; <http://tip.psychology.org/cross.html>.

¹⁰ Cross-, K.P. (1981). *Adults as Learners*. San Francisco: Jossey-Bass. Cross-, K.P. (1976). *Accent on Learning*. San Francisco: Jossey-Bass.

*Humanistic Theory (Carl Rogers and Abraham Maslow)*¹¹

The focus of the Humanistic Theory is on individual free choice and behavior. Rogers emphasizes the self-concept, or belief in one's self, while Maslow feels individuals have basic needs that must be met in the following ascending hierarchy in which the next "higher" need must build upon the previous. These include basic needs, safety, love and belonging, achievement and finally self-actualization.

Application for Trainers: The learning environment should meet the basic needs of safety and "belonging" before further achievement can be pursued.

Constructivist Theory (J. Bruner)

J. Bruner¹² sees learning as an active process where learners construct new ideas or concepts based on current or past knowledge. This is when the learner selects, transforms and constructs hypotheses and makes decisions relying on a cognitive structure-model, also known as schema, in which new information is applied only to a particularly organized category of previous knowledge in the memory of the learner. Mental models provide meaning and organization to experiences and allow the individual to go beyond what was given.

Application for Trainers:

1. Determine/cultivate predisposition toward learning. Affirm existing knowledge.
2. The body of knowledge should be structured so a learner can most readily grasp it.
3. Sequencing is important for most effective learning.
4. Effective structuring of knowledge should result in simplifying, generating new propositions and increasing manipulation of information.

*Cognitive Flexibility Theory (R. Spiro, P. Feltovitch & Coulson)*¹³

Cognitive theory focuses on effective transfer of knowledge and skills in complex and ill-structured domains or beyond their initial learning situation. Emphasis is placed on presentation of information from multiple perspectives and case studies that use diverse examples. Context needs to be very specific and learners must be given an opportunity to develop their own representations of information in order to properly learn.

¹¹ Mesa Community College's Psychology Department—Developmental Psychology—Theories and Research—Developmental Theories; <http://www.mc.maricopa.edu/dept/d46/psy/dev/Fall98/Theories/theories.html>

¹² Bruner, J. (1960). *The Process of Education*. Cambridge, MA: Harvard University Press. Bruner, J. (1966). *Toward a Theory of Instruction*. Cambridge, MA: Harvard University Press.

¹³ Spiro, R.J., Feltovich, P.J., Jacobson, M.J., & Coulson, R.L. (1992). Cognitive flexibility, constructivism and hypertext: Random access instruction for advanced knowledge acquisition in ill-structured domains. In T. Duffy & D. Jonassen (Eds.), *Constructivism and the Technology of Instruction*. Hillsdale, NJ: Erlbaum.

Application for Trainers:

1. Learning activities must provide multiple representation of content.
2. Instruction should be case-based and emphasize knowledge construction, not simply transmission of information.
3. Knowledge sources should be highly interconnected rather than compartmentalized.

Multiple Intelligences (H. Gardner)¹⁴

Howard Gardner's theory of Multiple Intelligences suggests there are a number of distinct forms of intelligence that each individual possesses in varying degrees. Among the primary forms most applicable for financial literacy is logical-mathematical intelligence, intrapersonal (insight) and interpersonal (social skills). Recognition of different content domains and different learning modalities is also part of Gardner's work. Gardner emphasizes the cultural context aspect of multiple intelligences, stating that each culture tends to emphasize particular intelligences. Examples of these are high spatial skills viewed in cultures living in the Caroline Islands who used these skills to navigate canoes in the ocean and the balance of high personal skills required in Japanese society.

Application for Trainers:

1. Individuals should be encouraged to use preferred intelligences in learning.
2. Instructional activities should appeal to different forms of intelligence.
3. Assessment of learning should measure multiple forms of intelligence.

Behavior Scales of the The Transtheoretical Model (Prochaska, Norcross & DiClemente)¹⁵

These three theorists observe learning through demonstration, in the five stages of behavioral change that move the learner toward a permanent change.

Precontemplation—Stage 1

Participants see no need for change and see other people or factors as the reason for the problems they are experiencing. They are not looking for help to make a change.

Contemplation—Stage 2

Participants at this stage begin to acknowledge having a problem and begin to think of ways to solve it. This is where learners struggle to find causes and think about solutions. Usually learners in this stage are open to educational processes and begin to re-evaluate themselves with respect to cognitive and affective aspects of the problem and what change would do for and to them.

Preparation—Stage 3

Participants at this stage are serious about taking action. They are planning to start changes within a month. They are beginning to make final preparations before starting action and trying different strategies. They seek information and support with concern that it will be difficult and they may not succeed.

¹⁴ Gardner, Howard, (2004) *Changing Minds; The art and science of changing our own and other people's minds*, Boston: Harvard Business School Press.

¹⁵ Shockey, Susan S., and Seiling Sharon B., *Moving Into Action*, Association for Financial Counseling and Planning Education; <http://www.faircredit.org/files/61.pdf>

Action—Stage 4

This is the stage where ineffective behavior stops and “good” behavior begins. Both the individual and those around him/her feel and experience the changes in various ways. Lots of effort and energy is required during this stage because the learner is challenged in his/her new change and must be able to control the stimuli that would cause them to relapse into old behaviors. They look for support when the change process is particularly difficult.

Maintenance—Final Stage

Stage of change process before the change is accomplished usually begins six months after the action stage was begun. Struggle continues in this stage, lapses and relapses are frequent and vigilance is necessary. Commitment must be great. Participant must assess what would make relapse possible and establish coping strategies. Self value and having at least one significant other who also values the changed person is important.

Application for Trainers:

1. Structure training to coincide with behavioral stage. Screen out prospective participants who are at Stage 1. Final stage learners may need less content and more mentoring, coaching, or support groups.
2. Maximum impact may be achieved with people at Stages 2 & 3; those not in immediate crisis nor unmotivated to make changes in their lives. Groups already organized around pursuing personal or professional growth may present ideal candidates.

This concept is sometimes abbreviated in the phrase “teachable moment.” Teachable moments are times when individuals are most receptive to education and are usually identified as a time when the information meets an immediate need and this need determines motivation. Times when individuals have a motivation to learn are commonly seen as life changing moments such as a new job, relocation, marriage, the birth of a child, independence of a child, a divorce, or a significant loss.

An overall theme of *all* of the included theorists emerges that, to be effective, adult learning should be culturally sensitive, dependent on need, differentiated, case-based and interactive. Additionally, with a variety of learners and learning styles, a good curriculum must address the needs of the audience.

V. INTEGRATING ADULT EDUCATION RESEARCH WITH FINANCIAL EDUCATION TRAINING

Financial literacy programs assessed for their ability to provide participants with life changing skills, effectively tackle personal financial matters and help participants make positive financial choices have a number of similar significant characteristics to adult learning programs. Their designs include a clear mission and purpose, accessibility to the target audience, adequate resources, dynamic partnering, strong relevant curriculum and rigorous evaluation. Successful programs reflect the learning style and needs of the participants, build curriculum geared toward participants’ general literacy level, and are written in easily understood language. These programs build on learner’s previous life experiences, are timely and must be relevant to participants. Evidence gathered from various programs show that participants who consider program content relevant are more likely to remain in the training.¹⁶

¹⁶ Friedman, Pamela, Strategy Brief, Providing and Funding Financial Literacy Programs for Low-Income Adults and Youth.

A. Understanding the Learners

An initial understanding of the learners must be reached as the preliminary task in the preparation for the training. It should precede goal-setting, the development or selection of the curricula, the structure, scope, duration, or evaluation of the training.

Identifying and assessing an audience is the most critical factor because each audience poses specific challenges—expectations are diverse, accessibility is more difficult for some than others, and individual motivation is unique. As such, it is also valuable to determine if the learners are at a teachable moment in their lives.

Traditional assessments focus on measuring learner's skill. In addition, assessment of learners' needs is also an important part of instruction today. Discussing or measuring a learner's needs may reveal why a learner joined a group, describing what they hope to get out of it. Assessments should encompass both what learners know and can do (proficiency) as well as ways to determine what learners want or believe they need to learn.¹⁷ This type of assessment reflects a participatory approach to learning and is based on the belief that learners, their characteristics, aspirations, backgrounds and needs are the center of the instruction. Participants in financial literacy programs do best when adult educators take the time to learn about their proficiencies and backgrounds, educational goals and expected outcomes. These instructors immerse themselves in the lives of the students leading to an openness, trust and ultimately achievement.

Trainers who are experienced staff-members and/or members of community-based institutions have a particular advantage in this regard. Those who share or understand the cultural norms, daily life experiences, and economic environment of the learners, can quickly build trust and design a training that is accessible and appropriate.

As important as curriculum preparation and the knowledge of the intended audience are, it is important to understand and integrate training for adults with the principles of adult learning, socio-economic, cultural norms and ethical standards that influence everyday life. In addition, in order to be more effective and efficient, consideration must be given to how individuals learn and respond to information. This includes, not only how adults learn but also the most effective teaching methods for different age groups, diverse cultural groups and adults with learning challenges.

Pessimism and low self-esteem are often general barriers to financial education. Families of children with disabilities, for example, face a variety of legal, financial and educational issues, while in the case of immigrants, language and lack of familiarity with the economic marketplace are frequently complicating factors. Additionally cultural differences are a major consideration because the topic of money-usage is value laden. Budgeting decisions, daily money choices, savings behavior and attitudes toward money are at least partly informed by values that stem from one's ethnic group, social norms, educational level, class background, income status and gender.¹⁸

Trainer's Resource: Helpful materials could include

- Chart of cultural and social groups and generalizations of their contexts and common learning styles,
- Assessing ESL learners,
- Assessing literacy and numeracy levels of learners¹⁹

¹⁷ Assessing the Literacy Needs of Adult Learners of ESL, Eric Digest; www.ericdigests.org

¹⁸ Lois, Vitt, Project Director, et al. *Personal Finance and the Rush to Competence: Financial Literacy in the U.S.*, A National Field Study Commissioned and Supported by the Fannie Mae Foundation, Institute for Socio-Financial Studies, Middleburg, VA, 2000.

¹⁹ available at Mass Saves website; www.MassSaves.org

Language barriers for immigrants and cultural preferences should dictate the unique needs and considerations that financial education for all groups must consider. A deep understanding of the cultural and economic context of the learners is critical. This may be achieved by partnering with more experienced or rooted organizations or individuals who can provide information and review in the training planning process.

Trainer’s Resource: To provide effective training in financial education with ESL or other specialized groups, work with the group’s trainer/counselor as well as key participants. Learn what the key goals of the learners are, as well as their preferences for training methods, through planning sessions, focus groups, and/or surveys. Be sure to find out from the trainer/counselor and key participants what methods and content would *not* work with this group.

In addition to the initial understanding of the learners, trainers must perform ongoing review and observations of the group in order to enhance the training delivery. Howard Gardner, designer of the theory of Multiple Intelligences emphasizes the importance of knowing that people are different and best learn when they can employ their strengths. An example of this theory in a successful program would be one where a variety of approaches to learning are incorporated and the pace is appropriate for group involvement. As part of this, ongoing review of the understanding of the learners should be performed, through exercises and in-class evaluation.

Trainer’s Resource:

1. Begin and end the lesson with a short discussion and use role play and small group activities. This will encourage people of differing cultural as well as cognitive approaches to arrive at a conclusion. Observe/affirm the differing approaches.
2. Understanding the learners can be fun and easily achieved with simple ice-breaker activities. We recommend two cash related games that are available free on-line through a professional trainer, Sivasalilam Thiagarajan. “Easy Money” is a 12–15 minute games that explores trust issues and decision making concepts among team members who role play contrasting decision roles—private vs. public, advising vs. deciding, individual vs. group benefits and quantitative vs. intuitive decision making.²⁰ This game has many controversial elements and will encourage conversation and reveal personal styles. Even if modified for time and partial content it can be used to stimulate group involvement and get learners to discuss their opinion of institutions and how they operate.

If teachable moments are to be maximized, it requires educators address two obstacles: the challenge of distribution and content that is ready and appropriate. Simply put, how are we to ensure that the information is received and implemented most effectively?

B. Setting Clear Goals and Preparing for Evaluation

Since goals are essential to changing habits and eventually increasing quality of daily living, it is important to emphasize how to set goals—both short and long term—why goals are important and why and when they work.

²⁰ <http://www.thiagi.com/game-easy.html>

The point of the training should be clearly understood by both the trainer and learners. As stated before, the goals should incorporate outcomes. What do you want the learner to walk away knowing or doing, and in what timeframe? What do learners see as the challenges in their lives that new financial skills will help them overcome?

J. Bruner, the theory of constructivism, sees learning as a process where the learner is building and constructing based on new ideas and/or past knowledge. His or her predisposition toward this knowledge is better when the learner is better able to see the outcomes in simple content that can be generated to produce new information and increase his or her ability to manipulate that information. The learner should participate in and understand/concur with the goals, the process, its timing, and the expected outcomes.

Many of the goals/outcomes of financial literacy should be broken down into smaller measurable parts for best comprehension and ultimately for the learner's ability to adapt this information and practice into their daily living and personal goals. As part of this process, it may be useful to agree on both "interim" and "best" outcomes.

Trainer's Resource: If goals of the training include increased savings and improved credit, best outcomes could include increased savings and credit scores. Interim outcomes could include reduced use of check cashers, demonstration of comparison shopping skills for bank accounts, requests for credit reports, requests for counseling/training to interpret credit reports, opening bank accounts, and/or negotiating with creditors for repayment.

Setting clear goals allows the learner to focus on the outcome with the comfort of seeing a progression, all while building skills that are ultimately incorporated in knowledge and actions throughout their daily lives.

C. Effective Instruction Methods

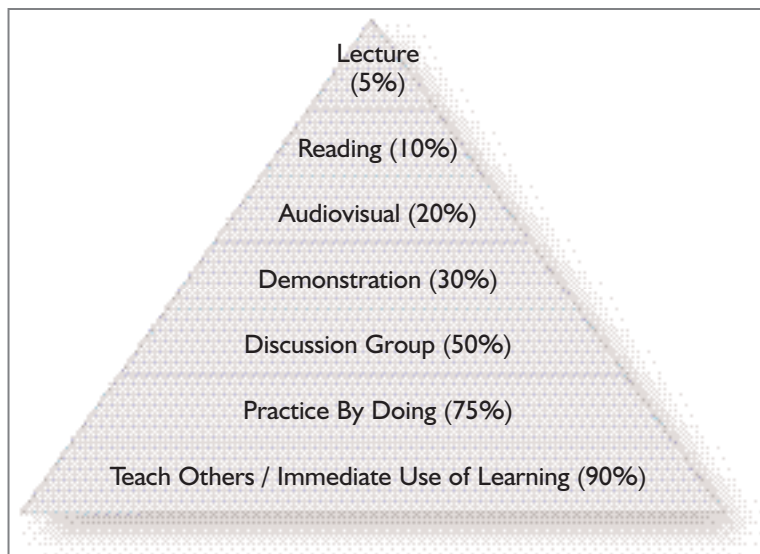
Demographics, technology and economics are forces that shape what is available for adults to learn today. Since financial literacy information can be obtained through many competing sources, effective training is essential. Although much training is done in a lecture format, lectures have limited effectiveness for today's adult learners, as borne out by the current research in adult learning. Adults are more likely to forget lecture material than material gained through experience (less auditory and more tactile learning). Lectures and boardroom style audio-visual presentations distance the instructor from the learner. Long-term relationship-building starting with more interactive sessions interest the participants and engages them to share what is learned in the session with others in their circle of friends and family. Interactive sessions also help participants to retain the information learned because learning is done in a more conducive environment.

As we have reviewed, adult learning theory defines learning "as the act, process and experience of gaining knowledge or skills." It is important to understand that memory, although a part of learning, is a separate skill and is the "capacity of storing, retrieving and acting on that knowledge." In order to move from novice to expert, the act of learning helps strengthen the brain by building on learning and connections that we can relate to and encourages us to learn more. Inductive teaching styles are most effective with adult learners giving them realistic situations and/or role playing with teacher-led discussions leading to concept understanding.²¹

A study by the National Training Laboratories tested the average retention rate after 24 hours of material presented to adults through a variety of methods. Their findings are described in the following chart.²²

²¹ Mott, Chris, Adult Learning and Extension Professional Development, "Andragogy vs. Pedagogy" University of Florida, 1999.

²² National Training Laboratories, Bethel Maine; www.ntl.org



Practitioners in the financial education field confirm these findings in their observations. In the 2002 symposium sponsored by the National Endowment for Financial Education (NEFE) several entities including higher education, nonprofit organizations, media, financial service firms, government agencies, corporation and foundations sharing the common vision of national financial literacy, the major consensus points on effective instruction include the following:

- ❖ Financial literacy is a lifelong process.
- ❖ Educational material should be presented at a “teachable moment”.
- ❖ Storytelling is a highly effective teaching approach.
- ❖ No single organization can achieve the goal—a joint effort is necessary.
- ❖ Learning must have relevancy and immediate application.
- ❖ Learner inspired curriculum stimulates group involvement and resulting in ownership and retention.
- ❖ Learners want to learn and expect the instructor to provide the tools to achievement.
- ❖ More learning is gained from problem solving, discussions and inductive reasoning.
- ❖ Materials and topics should be organized to provide tools for life applications.

Current methods of delivery include story telling, games, course portfolios, creating learning communities, applied exercises, case studies, and mentoring. The following is a sample of teaching tools that support educational outcome-oriented goals and correspond to current research in adult education. More can be found in Section VII.

Room preparation: Workshops should be held in a good learning environment that helps to encourage learners’ success. Before the workshop, learn as much as you can about the setting you will be using for the class. In order to eliminate distractions, preview the room and arrange the class so that you are away from the door to avoid the natural tendency to turn to view any late comers. Arrange the tables and chairs to accommodate the format. Make a list of materials, supplies, props, and equipment needed. Clarify any access issues, and locate the facilities in the building. Prepare a welcoming setting with food or other incentives, and suggest activities for incomers that encourage socializing and relationship-building.

Icebreakers are effective in setting the tone, making social connections and building trust within the group, and in bringing up the general energy level. Start the workshop with an icebreaker or ten minute activity designed to relax, be fun and interactive and also for the facilitator to observe the participants and allow for some late arrivers.

A list, road-map, or preview of what will be taught are effective planning and dialogue tools. This also helps to ease any discomfort or answer general overall questions participants may have. Pick four questions that are asked in these sessions and note that they will be addressed before the workshop is completed. Trainers who start with ice breakers and road maps designed to preview learning find learners are more likely to be engaged throughout the session.

Small group exercises encourage participation of everyone in the class. Each group could contain a four-person team with a note taker, a reporter, a timekeeper and a banker to participate in a designed activity. Small groups enable the facilitator to see responses that indicate specific adult learning styles of the learners.

Small group exercises are a good vehicle for trainers to use to assess the learners as well. Facilitators can walk around, answer questions but most importantly observe signs and roles of individuals; who does the writing, speaking and who may not engage. This serves as a vehicle to identify but not embarrass learners and to observe any indicators that may hinder progress, such as literacy, numeracy, cognition, or language issues. This also identifies learners who manage tasks well and negotiate unfamiliar tasks with least difficulty. At the conclusion of the small group activity, each group's reporter can talk about their findings. Once all groups have reported the facilitator should do an overall evaluation of findings designed to help build confidence, increase participation and encourage learners to input their observations and suggestions. Finally, facilitators can to ask the students what they learned from the activity, to assist with engagement, assessment and planning.

Storytelling is a method of social learning through observation and modeling. Recent immigrants often originate from cultures that emphasize storytelling as a method of teaching.

Trainer's Resource: A facilitator who tells and invites a story helps build a connection with and among the participants and may remove the barriers often associated with formal topics, such as the banking profession. Storytelling serves as a guide for action and affects the learner's emotion, attitude and behavior. Effective storytelling generates conversation and informs the learner. Listening to stories of learners reveals to the instructor information that is needed by learners. This assists with preparation of new or useful materials. "Tell me about where your family saved money in your country". "I'll share with you my first experience in going to a bank in this country." "Do you have a similar story?" "What information would/did help to make the next experience different?" "Do your children have the same approach to saving that you have?"

Additionally, information should be relevant and practical for audience use and manageable in length and scope.²³

Teaching materials that draw on the knowledge of older participants in the group and generate discussion with younger participants may be a way to transfer knowledge but has to be tested for the audience. Age and cultural differences make some strategies great for one group but ineffective for another. Teaching methods must accommodate cultural differences as well as language differences.

²³ Ibid p. 24

Trainer’s Resource: Examples of mismatching training methods with cultural norms—

- 1) Group problem-solving may be appropriate in some cultures where social power is assumed to be more evenly distributed across genders and ages. In some cultures, however, there are strict social rules on yielding the floor and decision-making to older or male group members. In this context, small group or pair work *within* gender or age groups may cultivate more even participation.
- 2) Some religions prohibit the practice of physical touching between people of different genders. Be aware of this prospective prohibition if you are designing role-play exercises.
- 3) Many budgeting exercises focus on the immediate household/nuclear family as a self-contained economic unit, whereas there are social norms among many cultural groups to contribute to and benefit from the extended family’s economic setting.

Assessment is an evaluating tool that is used both initially and throughout the final stage of delivery. Using the assessment in the beginning stages of a workshop gives the instructor a reading on the audience. If this is the initial contact with a group you are looking for answers to questions that give information on the cultural makeup of the audience, their learning style and levels of competency. Initial assessment can be done by employing ice breakers or short ten minute activities that get the audience up and talking and help the instructor determine if the lesson you are prepared to deliver is appropriate as is or needs to be redesigned.

Final assessment tools give feedback on the instruction/or activity applied during that session. You will want to know if participants learned the content by designing a tool that asks directly if participants felt their learning goal was achieved. A good assessment tool will tell the leader if material is delivered in appropriate amounts or if the volume of new information is too high for learners to understand fully, retain confidently and use appropriately. Adjusting the pace or the amount of information can be a valuable change that leads to learner achievement and re-engages an unmotivated learner. Learners may take more initiative once they are comfortable and feel the instructor is receptive, adaptive, and motivating; not a hindrance to their progress.

Trainer’s Resource: A Note on Delivery Style: Facilitators should ask themselves: “As a leader for this workshop, how do I connect with the participants?” Connecting with the learners is key for information retention, relaxation during the session and trust of you and the information you bring. A strong first impression counts; successful workshop leaders have an easy-going relaxed manner, possess and use a sense of humor appropriately, and have confidence in their knowledge and ability yet use conversational speaking style delivery. Participants are more likely to respond positively to facilitative-style rather than lecture-style instruction.

D. Developing or Choosing Curriculum

Curriculum needs to be flexible to meet the needs of the learner, be language-appropriate and model andragogic style instruction in building on the current stage of the learners’ experience. Integrated curriculum permits and encourages active audience participation, supports sharing and values past experiences as tools for learning and ultimately behavioral challenges around money.

Many training programs include having professionals develop and deliver financial education through a variety of media, including CD-ROM, the Internet, seminars and individual counseling. The “distance-learning” models, while convenient and accessible, may not support the outcomes-based approach of the training.

Effective curriculum is designed collaboratively between instructor-student and student-student. Curriculum development should be based on planning between the instructor, the learners, and/or the group

coordinator/counselor, where applicable.²⁴ Therefore, it is best to choose or develop the curriculum *after* the group has been formed and assessed. Finally, because learning is designed as problem-centered, and not content-centered it should prompt redesign and new learning activities based on in-class evaluations. The curriculum—and indeed the trainer—should be adaptable as the training unfolds.

Topics for education start with determining what is “fundamental.” Consensus should be reached on the components of a core curriculum, which should include basic education concepts and real life applications.

One example, Personal Finance and the Rush to Competence, a Fannie Mae study, cites the importance of time and effort spent in both preparation and learning. As a result, participants in the program reported that courses, seminars and counseling, regardless of length were “not long enough”, which indicates full engagement by the learners. Topics covered, in order of popularity, included budget and money management, saving and investing, credit and debt, 401(k) investing, financing higher education and financing health care.²⁵

What curriculum will support the stated goals and assessed needs?

As pointed out by theorist Cross in the CAL model of learning, personal and situational characteristics influence learning. As a result, effective trainers report that they employ a combination of sources for their curriculum content and methodology.

Facilitators teaching a group about savings should keep in mind factors such as the phase of life the learners are in and if that phase involves any plateaus or transitions that will affect their lives. Ensure that the curriculum addresses stages of human development and recommends alternatives. For example, a learner who earns a good wage but uses check-cashing services because he or she is in the phase of divorce or separation may resist starting a relationship with a bank at this time.

Trainer’s Resource: If the target population has not been using a bank for financial transactions such as paying bills or cashing checks, what information/format should be presented to reach that goal? In some cases a group trip to a local financial institution may be most instructive. Smaller steps such as teaching that coins saved in a mayonnaise jar can equal \$40.00 can serve as the first step in saving money to open a bank account.

The challenge of time management of the workshop:

An inflexible or inappropriate curriculum may cause trainers to abandon their commitment to the learner-centered format in an effort to “cover” the material. The temptation to change the workshop into a trainer-centered lecture format may be the result of a mismatch between the expectations and needs in the timing of the learning process in the group.

In order to appropriately set goals or readjust timing, use in-class assessments to determine whether the group needs practice on a particular topic or subject. This takes time and should be included in overall lesson planning. Realistic goal-setting helps the learner and trainer to reach their goals. This knowledge should be incorporated into the lesson and appropriately segmented so that enough time is allotted to any given subject.

²⁴ They’re not Just Big Kids; Motivating Adult Learners; Thoms, Karen Jarrett, PhD, Faculty Center for Teaching Excellence.

²⁵ Lois, Vitt, Project Director, et al. *Personal Finance and the Rush to Competence: Financial Literacy in the U.S.*, A National Field Study Commissioned and Supported by the Fannie Mae Foundation, Institute for Socio-Financial Studies, Middleburg, VA, 2000.

Trainer’s Resource: A lesson on check writing may take 1/2 hour to discuss but another hour for all member of the group to practice and feel confident in their ability to write on their own checks. Though a trainer may assume that the discussion is sufficient preparation for check-writing at home, an in-class assessment can determine if the experience of check-writing is limited enough to require practice in the classroom.

E. Enhancing Relevancy through Integrated Curricula

A key issue in financial education is that of effective distribution. The problem of delivering existing financial education materials to the appropriate audience constitutes a significant barrier to achieving the high-level goal of national financial literacy. For example, many adults may benefit from financial education, but may not make the commitment to a multi-session education program solely committed to personal finance. Hence, there is a *need* but not a *demand* for financial education training, which limits the distribution of the information. However, there are likely a far greater number who would welcome topics of personal finance within the context of another educational endeavor that advances their economic, professional, or social goals. The following is a brief exploration of the integration of financial education into such other educational initiatives.

English as a Second Language and Financial Education

In the United States, facility in English is an important skill in the workplace, in the process of gaining legal residency, and in many social settings. In Massachusetts, there are dozens of programs that provide English-as-a-Second Language (ESL) training to thousands of adults.²⁶ Most of the ESL courses pursue the goal of enhancing the competency of learners in their daily activities and transactions.

Content that encompasses personal finance topics can find a ready distribution medium in these classes. Many ESL programs cover the topics of money in terms of dialogue related to simple transactions such as receiving wages, paying rent, and managing purchases. At more advanced levels, learners could receive an orientation on the financial system in the US; the role of financial institutions, the credit market, investments, consumer information, and more. Though the priority in the classes is given to the manipulation of language, learners can demonstrate their new language skills while also demonstrating their new financial knowledge.

Trainer’s Resource: A student in a ESL/Financial Education class may be confident in his or her ability to understand and to write the numbers 1 through 100, but be unsure of his or her ability to write out a money order for an uneven amount such as, \$128.34. Since this is task oriented, Knowles recommends instruction that is in the context of the common task to be performed. One way to remediate this lesson is to give the student a wallet card. A small piece of cardboard that fits inside a wallet containing the number 1–100 and on the other side the words one, two, three and the associated number is an excellent way to teach and reinforce learning. This discrete method of learning gives the English Language learner greater confidence in daily finance and ultimately better management of his or her household finances.

Financial Education for Domestic Violence Survivors

The tragedy, confusion, and injustice visited upon victims of domestic violence on occasion may be followed by a motivation to not only survive, but to thrive and gain control of one’s life. Financial decision-making may be included as a goal of a person remaking her/his life. This may indicate a so-called “teachable moment” for trainers.

²⁶ For a directory of ESL programs in Massachusetts, visit: <http://www.esl-guide.com>

As the National Coalition Against Domestic Violence describes it, “Economic self-sufficiency is frequently the difference between violence and safety for many victims.”²⁷

Through the process of counseling or support groups, discussions of financial empowerment and literacy can be integral to the process of understanding new patterns of decision-making. Because the needs are so specific, and the personal circumstances are so sensitive, it is recommended that staff trained in the field of domestic violence take the lead in planning—and perhaps delivering—the financial education training.

Asset Development Model for Achieving Financial Literacy

A relatively new approach to the alleviation of poverty developed in the 1990s which complements income supports and expense subsidies, “asset development” provides incentives and skill-building to assist the working poor to invest in assets such as first homes, micro-businesses, education, long-term savings, or retirement. These initial assets serve as a base on which to build more assets, as well as a means to weather a financial downturn. Often integral to the programs that provide access to these assets are trainings in financial education.²⁸

One such asset development program is known as an Individual Development Account (IDA) program, which provides a match for the savings of the low-income individual for the purpose of investing in the asset. The Financial Education component of these programs works through financial goal setting, planning and tracking, spending and savings, reducing debt and measuring the success of financial management strategies. This model is based on the transformation of participants’ financial management that must occur in order for them to achieve their primary goal of saving money for buying a home, starting a business or advancing their education. In many cases, participants report that they joined the program focused on the asset, but felt that they gained more from the education and training processes.

VI. TRAINING THROUGH PARTNERSHIPS

Effective trainers make use of partners in order to achieve many goals. Outcomes-based training is complex and ambitious in its goals; encompassing personal, social, educational, economic, and professional factors of the learners in a particular local environment. Partner organizations, institutions, and individual can enrich every component of the training, from conception to delivery to post-training outcomes.

A. Training Initiators

Who determines the need for the training in a given community? Often the idea is initiated by a concerned individual who sees a critical number of people making financial decisions that are limiting their economic mobility or financial stability. This person could be working in a financial institution, church, educational institution, or other community organization.

These innovators are ideal in providing training design ideas and access to prospective participants. They can shape the initial goals, recruit for the focus/planning groups, recruit the participants, and participate in an informal quality-control feedback loop as the training progresses. They also may be well positioned to assist learners in implementing their new skills.

²⁷ www.ncadv.org

²⁸ For more information on asset development in Massachusetts, visit www.MassAssets.org

Examples of Initiators:

- 1) A mortgage lender in a minority community who sees applicants with low credit scores due to having been “steered” by previous lenders to more expensive products.
- 2) A case worker in a human service program who sees the obstacles for her clients.
- 3) A church member who helps a family in crisis that does not know how to budget.
- 4) A city employee who is promoting a down-payment assistance homeownership program and may turn down applicants with insufficient savings.
- 5) An employer who is repeatedly solicited for personal loans or advances by employees.

It is important, however, to ensure that the training design is meeting the needs of the learners—as expressed by the learners—rather than the goals of the Initiator.

B. Guest Trainers

Multi-session trainings are often enriched by a variety of formats and presenters. There may be topics of discussion that require a level of technical expertise that the trainer may not possess.

Examples of Guest Trainers:

- A tax preparer who counsels on tax planning, particularly tax credits.
- A mortgage lender who orients savers on credit reports or mortgage products.
- An insurance agent who advises on life and disability insurance.
- A college planning consultant who advises on choosing and financing college.
- A family-law attorney who helps single mothers sort out their co-mingled assets and liabilities from former partners.
- A consumer advocate who advises on purchasing products or services.
- A service group that assists consumers in public benefits, healthcare issues, immigrant issues, or other relevant topics.

It is important, however, to maintain the continuity of the training through the lead trainer. An array of disjointed presentations can lead to an uneven program that may lose its continuity and disengage the learners. Guest trainers are not likely to be engaged with the group and may not be versed in current training techniques. The lead trainer should control the presentation by ensuring that the level of technical information is appropriate, the language is accessible, the format is varied, the timing is clear, and the direction of the training is maintained. Some trainers work with learners to develop a list of questions for the guest for his/her preparation. The lead trainer should also protect the credibility of the training by confirming that the presenters do not market any products and services in the training.

C. Financial Institutions as Trainers, Outreachers, Supporters

Financial institution personnel are particularly valuable partners in training programs, as they:

- ❖ care passionately about the management of money
- ❖ are usually very knowledgeable in the dynamics of the local economy
- ❖ have technical knowledge to share on banking services and money management
- ❖ are motivated—by fiduciary concerns or regulation—to build relationships and serve all people within their service area
- ❖ often serve as an informal city-center, with connections to many key players in the community
- ❖ may provide access to financial or technical resources for trainings

There are a variety of ways that trainers can partner with financial institutions to increase the quality and reach of the training program. Bank staff-members have been effective in:

- ❖ outreaching to new accountholders or loan applicants
- ❖ assisting with ideas for training design, as Initiators (described above)
- ❖ guest training on specialized topics, such as budgeting, bank products, credit reporting, home-buying
- ❖ volunteering to provide individual counseling/mentoring
- ❖ connecting trainers to other technical experts such as insurance agents, accountants, and attorneys
- ❖ providing space, food, and other facilities
- ❖ providing grants to support the training

Example of a Bank/Non-Profit Partnership from a real trainer in Massachusetts:

Jerry was a gregarious Assistant Vice President in the local community bank in our (community organization's) neighborhood. We talked to him about the training program, and he was enthusiastic. He had seen people facing financial obstacles due to language barriers, poor savings or credit. He helped with our training design and personally recruited participants. He said he felt he could offer more services to his accountholders and especially his loan applicants who were not qualified. He joked that "we were doing his [customer service] work for him". We often received phone calls from Jerry, indicating he was "sending someone over". He also joined us as a guest trainer on banking services, credit, and other topics, wearing his "Friday casual" clothes and a smile. He usually presented for 30 minutes of a 90-minute session, including sensitively-answered questions in the end. At the end of each session with a new group, he'd say "next training is at my house!" We would then hold the next training in the board room of the bank with snacks provided by Jerry. For some of our participants, this was the first experience they had had in a bank, and it was quite positive. Not surprisingly, most of our participants set up accounts at his bank, chatted with him when they went in for transactions, and wouldn't look anywhere else for a mortgage.

D. Philanthropic Partners

Philanthropic institutions and other funders can improve the quality and distribution of financial education by supporting effective models and connecting prospective grantees to networks, resources, and current practice in the field. The following are questions for consideration for philanthropies in supporting a non-profit organization in financial education.

- ❖ Does the organization have—or make use of other—trusted relationships in the community it serves?
- ❖ Do the trainers have professional experience in adult training? Are they versed in current practice in the field? Do they know where to find professional training and other resources?
- ❖ Does the program have an assembled audience for the training? Do they understand the cultural context of the learners with regard to financial practices, learning, and social norms?
- ❖ Do the learners have other goals that they are pursuing as part of an integrated program?
- ❖ Have the trainers chosen the curriculum and teaching methods *after* they have assessed and interviewed the learners? Are the teaching methods varied and appropriate for the learning group?
- ❖ Does the training group have an adult learner-centered perspective on training, which integrates ongoing dialogue, planning, and assessment with the learners? Are they able to adapt the curriculum and methods midstream to meet the needs of the learners?
- ❖ Do the trainers make appropriate use of technical professionals, partner organizations, and other resources in the community?
- ❖ Does the organization have clear goals, evaluation, and follow-up plans for the training? Are there vehicles for learners to demonstrate success?
- ❖ Are the resources invested in the training likely to yield benefits for those beyond the initial group? Can this model be applied to other integrated settings in the community? Can the learners be part of future trainings, as mentors or guest trainers? Are follow-up services and/or advanced trainings available?

In this Framework we have presented the need for financial education for adults, and the challenge of distribution. By providing current research in effective adult education, and its application, the Massachusetts Community & Banking Council hopes to contribute to innovating the new and valuable field of financial education.

The following are case studies of financial education programs provided in and around Boston that have implemented components of this research in their practice.

VII. CASE STUDIES IN FINANCIAL EDUCATION IN MASSACHUSETTS

A. Two Case Studies in Somerville:

Supply-Driven vs. Demand-Driven Model in an Urban Immigrant Community

Somerville Community Corporation (SCC) is a community-based non-profit community development corporation in Somerville, Massachusetts. A membership organization that provides leadership for sustaining the city of Somerville as a vibrant, diverse and tolerant community, SCC develops and preserves affordable housing, and offers services and lead community organizing that supports low and moderate-income Somerville residents in their efforts to achieve economic stability and increase civic participation.

SCC began financial education programming in 2007, with bilingual staff and an interest in using the training to build skills and be a vehicle to develop and expand relationships in Brazilian community, many members of which had recently settled in SCC's service area.

First Model: Somerville Against Financial Exclusion (SAFE)

The need for this training was determined as a result of conversations between SCC staff-members and community members, who were coming to the organization for crisis management services related to housing. Staff was noting that there was high utilization of check cashers and other expensive financial services, as well as misinformation on bank and legal issues in areas of financial services and real estate finance and law.

The training was designed and structured by staff as follows: five sessions were planned for five successive Tuesday evenings in the SCC office, covering the following topics: banking basics, budgeting, saving and building wealth, basic information on loans (including predatory practices), credit reports.

The outreach to promote the financial training included publishing articles in local papers, fliers posted in every Brazilian-owned store in the community, and calls and mailings to local churches and other community groups. In addition, SCC pursued and received the support of two local branches of Citizens Bank, which employ bilingual staff-members in Spanish and Portuguese in two respective locations. One novel approach included SCC bilingual staff sitting at an information table within the bank branch. For four days, walk-in bank customers were greeted by SCC staff trainers, who welcomed them and invited them to the upcoming training series. A Portuguese-speaking employee of a local bank, a Personal Banker, had agreed to teach part of the workshop on banking basics.

The financial institution partnership included plans for the Assistant Branch Manager of the bank deliver a portion of the training in Portuguese, and an offer of meeting space from the bank.

The results were underwhelming. Two people attended the first three—and only—sessions of the training. One of the trainings was determined to be irrelevant. The training program was suspended.

Second Model: Financial Education for a Small Business Group

After the discouraging results of the SAFE program, the staff of SCC reviewed their plans. A restructuring toward a demand-driven, rather than a supply-driven training was pursued. Rather than doing outreach to the general public to meet needs identified by staff, the trainers approached a motivated group of small business owners in the Brazilian community.

SCC has a relationship with the Brazilian Women's Group, which supports Vida Verde²⁹, a cooperative of Brazilian housecleaners that promotes safe cleaning products and responsible business practices for workers. SCC contacted the group and offered financial education training opportunities, specifically training on tax credits. It was felt that the immediacy of the "return" on the training—receiving tax credits—would be appreciated by the learners, and give an opportunity to build communication between trainer and learners. A coordinator for the group surveyed the coop members to determine **the need** and their interest in specific topics financial education.

Subsequently, the SCC trainer was invited to a group meeting to provide one training session on tax credits. The group was pleased, and requested more training—this time on the topic of banking services—that again was delivered by SCC staff at the regularly scheduled business meeting of the cooperative members. Thus, **the training was designed and structured** by the learners themselves, and varied methodology was used.

²⁹ <http://verdeamarelo.org/vidaverde/welcome.html>

The response was enthusiastic, and more sessions were requested on additional topics specific to the needs of the group: understanding direct deposit, issues related to commingling of business and personal accounts, budgeting for business and household, strategies for building credit, banking considerations for immigrants.

The results were more positive: The cooperative is continuing to attend, learn, and implement financial education from SCC in a customized financial education training program. One caveat is that, to date, the financial institution partner has not been able to participate in the training due to scheduling issues. This positive experience led to SCC's decision to expand their training in this model. A subsequent integrated training with a local ESL program for 40 students, produced glowing evaluations and demonstrations of functional skills.

The lessons learned have been carried into SCC's subsequent financial education programs. The characteristics of the second, demand-driven and learner-centered model strengthened its effectiveness. It is more efficient to develop financial education trainings for organized groups, characterized by continuity, personal relationships, and regular meetings. Groups assembled to pursue a related goal of personal or professional improvement are more likely to value and implement financial education. Topics that integrate personal financial information with other highly prioritized learning areas—in this case immigrant business and personal finance training—have more applicability.

Outreach employing more active, personal recruiting through word-of-mouth within trusted relationships is more effective than passive notices, announcements, or information tables. Trust between staff-member and learner increases the likelihood that the training will be targeted and productive.

The connection to research is clear. This experience confirms Knowles's suggestions for methodology, and Cross's model of "situational" sensitivity. The business and the ESL groups appear to have been in the Action Stage of the Behavior Scales of the Prochaska, Norcross, & DiClemente.

B. Integrated Financial Education and Health Education in Dorchester

DotWell is a community-based organization founded by the Codman Square Health Center (CSHC) and the Dorchester House Multi-Service Center (DHMSC). The mission of DotWell is to guarantee high-quality clinical and community services across both sites—addressing health disparities, meeting the complex needs of a changing Dorchester community, and building social capital in and across neighborhoods.

In 2008, DotWell initiated a program to address the health, social, and financial education needs of health center patients. **The need** was determined by DotWell staff, medical services providers, and community members to support and educate patients and other residents who had diabetes, obesity, or other diet-related health issues. The "Eat Green, Save Green" program was piloted in February of 2008 in partnership with Operation Frontline/Share Our Strength, a nutrition education program, and Financial Education Associates.

The training design and structure was unusual. For one evening night per week for seven weeks, a group of learners participated in a two-part training. The first component was a cooking and nutrition education class hosted by Share Our Strength, in which a guest chef provided ingredients, information, and training to create a healthy, low-cost meal. The students were able to bring children, cook together, eat a dinner, and leave with the ingredients to replicate the experience at home. The second training component was held across the hall in the computer lab later that same evening. DotWell and Financial Education Associates developed a custom curriculum that addressed core financial education components such as goal setting and budgeting, but added innovations like "applied" on-line shopping excursions on Stop & Shop's Peapod website, real-time local food sources, and connection with community networking tools and with other community members, on the premise that strong physical and fiscal health is in part a consequence of "being connected." The program also integrated free tax services, a field trip to a grocery store, and referrals to additional training, in an effort to mutually promote physical and fiscal health.

The outreach for the initial series was done by medical teams at the health center, then community-wide through DotWell networks. The first program was filled to capacity and 2 subsequently scheduled series have been completely filled with learners through word-of-mouth.

The results of the financial education component have been positive. The DotWell class was originally conceived and marketed as a two evenings per week class with financial education as a stand-alone module the second night. Early feedback from learners during the enrollment period resulted in creating the hybrid one-night class by reducing by 20 minutes the time spent on each of the two course areas. However, after completing the course, students requested more time on financial literacy, specifically on the topic of credit. DotWell was able to parlay this new-found enthusiasm for personal credit information into enrollment in an 8- hour credit class.

All of the learners participated in modifying the schedule with staff, reported more budgeting and planning in their lives, joined a money-saving food coop (Serve New England) and signed up for a subsequent DotWell training on understanding credit. From this practical and learner-centered example, we can see that giving adult learners a “taste of financial education” resulted in them making positive financial changes. A comprehensive evaluation for the pilot was developed in advance so participants took pre and post course surveys as well as participated in a post-program focus group. The formal evaluation is not complete as the class has just finished. However, responses to focus group questions demonstrate that participants have enacted behavior-changes in themselves and in their communities as a result of the course.

The **lessons learned** were positive as well. The trainers reported that the integration of the nutrition and fiscal themes strengthened both. They were surprised by the level of interest and subsequent demand for financial education. The effectiveness of this program inspired a natural community demand.

The **connection to research** is compelling in this case. All of Knowles’s recommendations on methodology were modeled in this program, as well as Cross’s Characteristics and Gardner’s Multiple Intelligences. It appeared that the learners actually made the transition from The Preparation Stage to the Action Stage of The Behavior Scales of the Prochaska, Norcross, & DiClemente *during* the course of the program and in subsequent trainings.

C. Financial Education in a Case Management Setting in Boston

Action for Community Development in Boston (ABCD) is a multi-site, multi-service Community Action Agency in Greater Boston which serves more than 100,000 low-income Greater Boston residents through its city-wide network of neighborhood-based organizations. A new Asset Development Department was formed in 2007 to provide financial literacy education for consumers of ABCD services, in addition to Individual Development Accounts (IDAs), Life Long Learning Accounts (LiLAs), the Earned Income Tax Credit (EITC) program, credit counseling, foreclosure prevention counseling, first-time homebuyer services and other specialized programs.

The directors of a number ABCD departments determined **the need** for financial education, based on observations of clients who demonstrated a lack of financial skills, and self-disclosure by staff on their need for more skills themselves. The project had a unique two-step **sequential design** that combined staff training, client training, counseling, and matched savings account (IDA) program recruitment. The Asset Development Program Manager and Director of Housing designed the program structure in which financial education workshops would be delivered in phases.

Phase One: Financial Training for Housing Case Managers

In the first part of the program, eight case managers of the Housing Transition program were trained in 8 weekly sessions in financial education to assist them personally and professionally, and to provide a skill-base with which they could assist their clients. These case managers provide stabilization assistance to recently homeless clients as they made a transition into new housing, social, and employment settings. This includes counseling, job search

coaching, access to food stamps and other public assistance, court-related advocacy, rent arrearage remediation, and more. The content for the staff training included budgeting, credit repair, planning exercises, banking services, as well as the ways in which staff could integrate their new skills into their case management work. The training was also used as a venue for recruiting and screening ABCD staff for the organization's IDA program.

Phase Two: Training for Stabilization Program Clients

The initial plan was for staff to recruit clients for money management workshops in a format that duplicated the workshop structure provided for them, and then mentor the participants in the class. This plan was changed due to organizational budget issues. In its place, financial education was distributed in the course of case management services. Topics such as planning, credit remediation, and banking services were addressed on an individual basis. This format bypassed the *exercises* in planning, understanding banks and credit reports, and dealt directly with the specific issues faced by the clients. In this way, clients developed their own spending plans, opened bank accounts, and addressed specific debts that appeared on their credit reports. This format valued time, focus, and the skills and judgment of case managers; those best positioned to support effective and applicable financial strategies among the client group. The Asset Development Program Manager is available to support case managers as later issues arise. More recently, one of the case managers began facilitating a simplified version of the money management workshop for clients.

Results: Phase One received positive reviews from staff. One joined ABCD's IDA program, and four case managers are now using the educational materials for their clients. In the Phase Two format, the education is flexible and adaptable as the clients move toward greater stability. Of the eight stabilization clients served, six have opened savings accounts, four have enrolled in community colleges, and two have made debt repayment plans. Staff views the financial education program as integral to the positive progress of clients.

Lessons Learned: Though accidental, the change in format in Phase Two represented a positive lesson in program flexibility. The renewed format was learner-centered, immediately applicable, and ongoing in its timeline. This model shows promise and should be tested on a larger scale.

Connection to Research: Knowles's principles of androgogic training are applied as case manager and clients participate in their training design and immediately apply the knowledge in their own personal teaching and financial management contexts. It appears that the staff members were at Stage 4, "Action" of the Behavior Scales of the Prochaska, Norcross, & DiClemente, while the clients were moving from Stage 3 "Preparation" to the Action Stage during the course of receiving services from the organization. According to Bruner's Constructivist Theory, the case managers have learned or will learn more deeply because they are training others.

D. Financial Education Workshops in a Southeastern Suburban Setting

Pro-Home is a community-based non-profit organization in Taunton, Massachusetts, established in 1990, to assist residents of Taunton, Attleboro, and 11 surrounding communities in home-buying through counseling and classes. It is one of a network of non-profits in Massachusetts that offer home-buying and post-purchase-training, developed and certified by the statewide non-profit organization, Citizens Housing and Planning Association (CHAPA), with support from financial institutions. There are 262,000 residents in the area that Pro-Home serves, with only one non-profit offering these services. Approximately 921 people came to Pro-Home for home-buyer, post-purchase, and financial education classes and counseling in 2007.

The need for financial education was determined by Pro-Home staff in 2003, after noting that some prospective home-buyers needed more financial skills and down-payment savings to prepare them for the purchase and subsequent management of a new home. Pro-Home did not have the capacity to employ an in-house financial educator, so the organization looked to maximize the relationships developed with local professionals through the

home-buying programs. Pro-Home recruits volunteers from local financial institutions, accounting firms, and other professional settings to lead the classes. Training of trainers is provided by the Federal Deposit Insurance Corporation (FDIC.)

The training structure and design were borrowed from Pro-Home's home-buyer training structure, which combines valuable information with financial incentives in a time-saving format. Classes are uniform, manageable for trainers, and efficiently scheduled. There is steady demand for the home-buyer classes in their location in their downtown Taunton site, as well as in a literacy center and a library in Attleboro.

The 10-module Money Smart Curriculum, developed by the FDIC, is used in configurations that correspond to community and space needs. The training sessions are comprised of groups of 3–12 participants. The sessions are conducted entirely over 2 days, or series-form (one evening/week for 3–4 weeks). Staff chose the FDIC's Money Smart Curriculum because it was a "turn-key" product, which was more manageable for the trainers, many of whom do not have adult education experience, but have had ample exposure to handout and overhead slides presentation formats in their professional settings. Trainees are screened for basic demographic information and asked to commit their time for the entire series.

In the greater-Taunton region, there is little public transportation and high rates of vehicle ownership, so the choice of training sites is not driven by location, but rather by the setup of the physical facilities themselves, all of which are publicly accessible. Staff has noted that non-profit and public settings, such as the library appear to attract more attendees. It appeared that there was a higher comfort-level in a non-commercial setting, as an earlier experiment with siting the training at a bank did not yield good attendance. The trainings to date have been conducted in English only, though Spanish training is now being considered.

Outreach: Pro-Home operates in a smaller town context, in which relationships are long-lasting, service-providers are few, and word-of-mouth is powerful. It is the only non-profit offering these services in its entire service area. Pro-Home has earned visibility and credibility in the community because of its reputation for helping people buy homes and avoid the pitfalls of risky purchases. More recent media coverage of the real-estate foreclosure crisis has positioned Pro-Home as local experts and consumer educators in the field. Referrals come through the United Way, churches, shelters, the employment center, Department of Transitional Assistance, The Housing Authority, the court system, and a provider of services to people with disabilities.

Built-in obligations and incentives contribute to attendance. In particular, the next step into home-buyer classes is appealing; the United Way's "Christmas is for Kids" program has a requirement that participants attend financial education classes. In addition, a local bank has provided an incentive of matching the first \$10 of deposits into a savings account by some program graduates. This characteristic of a "captive audience" has helped maintain steady demand and attendance.

Results have been collected by staff through evaluations. Staff reports program successes, with 8 seminars provided in 2007 with 60–70 graduates and positive post-session evaluations. The demonstrations of skills are represented by more than half of the learners completing the homebuyer classes, and six buying homes.

The **lessons learned** include an understanding of context. In contrast to the Boston-area organizational challenges, this is a strong model in a smaller-community context with fewer providers.

The connections to research are fewer, but include Knowles's observations of the value "immediate relevancy", as well as Burner's suggestions for sequencing. This group appears to be in the Preparation Stage of the Behavior Scales.

E. Integrated Financial Education for English Language Learners in Brighton

The Allston Brighton Community Corporation (ABCDC) is a community-based non-profit community development corporation in the Allston and Brighton sections of Boston. The organization manages community-

led projects that protect and create affordable housing, create green-space, foster a healthy local economy, provide avenues for economic self-sufficiency, and increase understanding among and between the neighborhood's diverse residents. The Thomas Gardner Elementary School in Allston is a K–5 Pilot School with a philosophy that values a partnership with parents. The school provides a program of adult education for family support, which includes an English Language Learner (ELL) program that meets weekly from September to June.

The Manager of the Gardner School's ELL program met the Asset Development Program Director of ABCDC through their participation in the Allston Brighton Adult Education Coalition, and both agreed to work together to provide financial education through the school's ELL program.

The need for orientation into the US financial system among the newcomer populations of largely Central and South Americans was evident to the school's staff. The students had indicated an interest in the process of buying homes; there was motivation to learn the topics, and the relevant vocabulary would provide valuable content for the classes.

The training was designed and structured collaboratively between the CDC staff, who had the financial education and home-buying experience, and the school staff, who understood the needs, skills, and learning styles of the learners. The advanced class was the site for six 90-minute sessions in topics that evolved as the conversations between the CDC trainers, the ELL students, and the ELL teacher continued. A local financial institution staff-member was invited to explain the role and safety of the banks in the US, as well as products, Individual Taxpayer Identification Numbers (ITINs), credit card offers, scams, and the social security system. The trainers covered complementary topics on banking, credit, and planning for home purchase.

The outreach by the CDC trainers was minimal, as the group had been easily assembled by the school. The students were motivated, trusting, and engaged. The trainers benefited from the ongoing and positive relationship between the teacher and the students.

The results were multiple. The students demonstrated their new orientation into the US financial system in the classes with their increased English and facility with the financial topics. They also learned more of the resources and developed a relationship with the CDC. Three of the students visited the bank, one requested technical assistance for their small business, and the ELL teacher completed the CDC's certified home-buying classes. Overall it was considered a fruitful process by the students, the teacher, and the CDC trainers.

Lessons learned were positive. The strength of this model, according to the trainer, resulted from the flexibility of the curriculum in response to the needs and requests of the students, with some suggestions by the teacher. This called for some quick curriculum planning at times, as the assumptions of valuable topics by the trainers did not always hold up.

The connection to research was clear. Knowles's assertion that adult learners should be involved in the planning of their instruction is demonstrated, as is the benefit of understanding the learners and the value of understanding the Behavior Scales of the Prochaska, Norcross, & DiClemente.

VIII. MASSACHUSETTS RESOURCES

Information on current practices, programs, free curricula, consumer education materials, best practices and opportunities for collaboration are available on-line.

- ❖ The **Mass Saves** website provides information on financial education curricula, resources for trainers, on-line information for learners, a calendar of trainings in Massachusetts, links to other resources, and a list of collaborating partners (www.MassSaves.org).

- ❖ The **System for Adult Basic Education Support** (SABES) provides information on adult education resources in Massachusetts (www.sabes.org).
- ❖ The United Way of Massachusetts Bay and Merrimack Valley, in partnership with Bank of America, created a **Financial Education Community Toolkit** with information on core competencies, curricula, evaluative instruments and key resources (www.financialtoolkit.org).
- ❖ The FDIC's **Money Smart** program offers free multi-language curriculum, student handouts and train-the-trainer classes, along with on-line training (www.fdic.gov/consumers/consumer/moneysmart/). The FDIC's Money Smart Newsletter provides information on current participants and programs (www.fdic.gov/consumers/consumer/moneysmart/newsletter).
- ❖ **The Federal Reserve Bank of Boston** offers consumer education materials (www.bos.frb.org/consumer/pfe).
- ❖ The report and recommendations of the **Massachusetts Fair Lending Task Force** includes a listing of financial, credit and homebuyer education information and resources (www.masscommunityandbanking.org/PDFs/FairLendingTaskReport_web.pdf).

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