

Situation

The level of financial knowledge and decision-making skill needed to make ends meet, plan ahead, and manage financial products can be daunting. Findings from a recent study indicated that, in general, Americans continue to be challenged when it comes to basic financial knowledge and the skills needed to make sound financial decisions.[i]

In this study, just 14% of respondents were able to answer five questions covering fundamental concepts of economics and finance experienced in everyday life correctly; only 39% were able to answer at least four of these questions correctly. While those with more education and higher incomes were more likely to report spending less than their incomes and having no difficulties covering their monthly expenses, at least 50% of respondents reported spending more than their incomes and having trouble covering expenses and paying bills, regardless of educational attainment. Fewer than half of respondents reported having set aside funds sufficient to cover expenses for three months in case of emergency resulting from sickness, job loss, or other event. Having unpaid medical debt, carrying a credit card balance, and having student loan debt were strong predictors of the respondents feeling as if they had too much debt.

Financial capability has been defined as knowledge-based action.[ii] The United States Financial Literacy and Education Commission identified five building blocks for managing and growing money.[iii] They are: earning, saving, spending, borrowing, and protecting against risk. Regardless of age, educational attainment, or financial position, knowledge and appropriate action related to these principles can lead to financial capability and achievement of financial goals.

Research-based, educational opportunities that address earning, saving, spending, borrowing, and protecting against risk are timely and relevant. The need for these programs will continue into the future. K-State Research and Extension is dedicated to providing community leadership for family resource management programming to enrich the lives of Kansans at all ages by supporting knowledge-based financial management actions.

[i] FINRA Investor Education Foundation. (2013, May). Financial capability in the United States: Report of findings from the 2012 National Financial Capability Study. Washington, DC: FINRA Investor Education Foundation. Retrieved July 16, 2013 from http://www.usfinancialcapability.org/downloads/NFCS_2012_Report_Natl_Findings.pdf

[ii] President's Advisory Council on Financial Capability. (2013, January 29). Final Report. Retrieved July 16, 2013 from [http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%20final%20report%20revised%2022513%20\(8\)_R.pdf](http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%20final%20report%20revised%2022513%20(8)_R.pdf)

[iii] mymoney.gov (2013). My Money Five. Retrieved July 16, 2013 from <http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx>

Public Value

Family resource management programming enriches the lives of Kansans at all ages through research-based education that supports knowledge-based financial management action. Engaged, financially secure, and healthy individuals benefit families and communities.

Outcomes

Short-Term (Knowledge)

- Program participants report an increase in knowledge about personal financial issues related to earning, saving, spending, borrowing, and protecting against risk facing youth and adults.
- Program participants report plans to take action or change their lives

Indicators

- After participating in a KSRE family resource management program, what did participants report they learned?
- After participating in a KSRE family resource management program, what actions did participants report they plan to take?

Medium-Term (Behavior)

- Program participants report taking knowledge-based action to manage their personal finances and other resources.

Indicators

- Three to six months after participating in the program, what actions did participants report taking related to earning, saving, spending, borrowing, and protecting against risk?

Long-Term (Change in Condition)

- Program participants report an enriched quality of life through improved financial stability and security.

Indicators

- After participating in the program, do Kansans at all ages report an enriched quality of life through improved financial stability and security?

Outputs

Participants:

Youth

Adults

Activities:

Provide community leadership for family resource management programming to enrich the lives of Kansans at all ages. Address personal financial issues related to earning, saving, spending, borrowing, and protecting against risk using workshops, meetings, presentations, exhibits, individual consultation, and media. Curricula may be categorized into tiers or levels of programming. A description and examples for research-based curricula are found below:

Moderate level of commitment (typically less than 6 weeks/sessions)

Examples:

- Legally Secure Your Financial Future – Lessons 1, 2, and 3: Organize, Communicate, and Prepare (PowerPoint, fact sheets, leader's guide, additional resources on eXtension.org, standardized evaluation instruments)
- Health Insurance Smarts – Mini-lessons (PowerPoint, fact sheets, leader's guide, evaluation items in evaluation question bank)

Low level of commitment (typically 1 week/session)

Examples:

- Cash in with Coupons – 2012 Family and Consumer Sciences Annual Lesson Series (Leader's guide (MF2986), fact sheet (MF2985), standardized evaluation instrument)
- Get Financially Prepared: Take Steps Ahead of Disaster – 2013 Family and Consumer Sciences Annual Lesson Series (Leader guide (MF3056), Fact Sheet (MF3055), PowerPoint, Emergency Preparedness Handout, and standardized evaluation instrument)
- Getting Organized – 30-, 60-, and 90-minute program information (Agent guide, participant handouts, PowerPoint, additional resources, standardized evaluation instruments)
- How Are You Doing? A Financial Checkup – 2007 Family and Consumer Sciences Annual Lesson Series (Leader's guide (MF2720), fact sheet (2721),
- Know Your Credit – 2014 Family and Consumer Sciences Annual Lesson Series (Leader's guide (MF3082), fact sheet (MF3081), standardized evaluation instrument)

- Understanding Reverse Mortgages: Do They Make Sense for You? – 2015 Family and Consumer Sciences Annual Lesson Series (Leader’s guide (MF3164), fact sheet (MF3163), standardized evaluation instrument)
- Smart Choice Health Insurance (University of Maryland Extension)
- Who Get's Grandma's Yellow Pie Plate? (University of Minnesota Extension)

Additional individualized educational efforts may be supported using the following:

- eXtension (website, Ask an Expert platform)
- IRS Stakeholder, Partnership, Education, and Communication (SPEC)
- MyMoney.gov (curricula, lesson plans, tip sheets, tools)
- National Endowment for Financial Education (resources, workshop kits)
- Senior Health Insurance Counseling for Kansas (SHICK)

Curricula may also be categorized by a combination of degree of delivery intensity and degree of consumer commitment.[1] This categorization acknowledges that consumers make decisions about accessing specific educational efforts based on the time and effort they expect to commit to its use. It also recognizes that educators use a variety of methods to reach their audiences and that these methods range from face-to-face to broadcast media. The following table summarizes those relationships.

Educational Efforts by Degree of Consumer Commitment and Delivery Intensity

Degree of Delivery Intensity

High Touch

- Cash in with Coupons
- Get Financially Prepared: Take Steps Ahead of Disaster
- Getting Organized
- Know Your Credit
- Legally Secure Your Financial Future
- Understanding Reverse Mortgages
- Local Programs

- Financial Education at Tax Time
- Health Insurance Smarts
- How Are You Doing? A Financial Checkup
- Smart Choice Health Insurance
- Senior Health Insurance Education
- Who Gets Grandma's Yellow Pie Plate?

Low Touch

- Local news letters
- Local and state new releases
- Prepare Kansas
- Local programs
- Kansas Saves ~ America Saves Week
- Prepare Kansas
- Local social media efforts

[1] Sledge, J., Tescher, J., & Gordon, S. (2010, March). From financial education to financial capability: Opportunities for innovation. Chicago, IL: Center for Financial Services Innovation. Retrieved July 16, 2013 from http://www.cfsinnovation.com/system/files/InBrief_FinancialCapability_Mar22010.pdf