Supporting the Economic Well-being of Utahns: Impact of the Empowering Financial Wellness Program

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Supporting the Economic Well-being of Utahns: Impact of the Empowering Financial Wellness Program

Amanda Christensen, Melanie Jewkes, Andrea Schmutz, and Lendel Narine

Abstract

Exacerbated by unpredictable global events, research shows rising consumer debt and generally low levels of financial literacy among adults. In response, USU Extension implemented the Empowering Financial Wellness (EFW) program to provide finance education to residents. EFW seeks to empower individuals and families to achieve economic stability.

Introduction

The National Endowment for Financial Education (NEFE) showed that 84% of Americans were stressed about finances because of the COVID-19 pandemic. As a result, more people tapped into savings and investments, deferred bill/debt payments, and took on more credit card debt (NEFE, 2020). Consequently, an increasing number of people were left with inadequate incomes and savings (Federal Reserve, 2020). Total consumer debt continues to trend upwards, surpassing $14 trillion in 2020.

According to the Financial Industry Regulatory Authority (FINRA), only 34% of Americans are able to pass a basic financial literacy test. Collins and O’Rourke (2010) noted financial education leads to improved financial decision making and ultimately, an improvement in the financial well-being of individuals. Fox et al. (2005) further indicated financial literacy education provides individuals with the knowledge, aptitude, and skills to effectively manage their finances and become informed consumers of available financial services. Therefore, financial literacy education can promote improved personal financial behaviors such as writing or rewriting a budget, starting a filing system, ordering a credit report, paying bills on time, and balancing a checkbook (Osteen et al., 2007).

The Financial Literacy Annual Report (Consumer Financial Protection Bureau [CFPB], 2019) indicated a major factor of individuals’ security and well-being is their ability to control day-to-day and month-to-month personal finances as well as their capacity to absorb unpredictable financial shocks. These factors are especially relevant given the economic uncertainty introduced by COVID-19. The literature supports a need for finance education programs to improve the economic well-being of individuals.

Response and Target Audience

USU Extension received funding support from the Utah Department of Workforce Services (DWS) to implement the Empowering Financial Wellness program (EFW) in 2020. The program aims to provide personal financial management education to counties across Utah. EFW seeks to support and empower individuals and families to achieve economic stability. With program implementation in September of 2020, EFW provided online education to individuals via the PowerPay Money Master (PPMM) course and topic-specific online webinars. The PPMM is a
The PPMM course is available online to all individuals through USU Extension and consists of seven (7) video-based learning modules on financial habits and attitudes, goal setting, budgeting, debt repayment, understanding credit, and saving.

EFW is geared towards families and adults across Utah. However, the program team works with several organizations such as the DWS, Division of Child and Family Services, and Utah’s Intergenerational Poverty Committees to deliver programming to low-income families and women. EFW is also initiating a collaboration with the Rural Online Initiative (ROI) to promote financial education programming to women. In Year 1 of EFW, 91 participants successfully completed the PPMM online course and approximately 264 participants completed at least one EFW webinar.

Outcomes and Impact

A three-phased evaluation process following the Targeting Outcomes of Programs (TOP) framework (Rockwell & Bennett, 2004) was implemented to evaluate short, medium, and long-term outcomes of EFW. For the PPMM course, a directional paired samples t-test indicated participants experienced a statistically significant increase in knowledge on personal financial management topics after completing all eight modules of the course ($t = 15.31$, $p < 0.001$).

Similarly, for EFW webinars, 92% of participants ($n = 249$) stated they had a better understanding of personal finance management topics after completing a webinar. With respect to skills, over 90% of participants in the PPMM course indicated they were confident in their ability to create a SMART financial goal, keep track of their expenditures, and create a zero-based budget. On average, participants demonstrated strong intentions to implement a personal finance management plan ($M = 4.57$ out of 5, $SD = 0.41$). For EFW webinars, 92% of participants ($n = 230$) stated they intend on making positive changes to their personal finance management practices because of the webinar.

Two months after completing the PPMM course, participants ($n = 42$) reported adoption of best financial management practices; 100% of participants identified their money personalities, 83% created SMART money goals, 71% tracked their expenditures every month, 93% reported positive changes to their credit scores, and 88% established emergency savings. In addition, 71% of participants reported some decrease in their monthly debts, with about 42% stating their monthly debt decreased by 5-10%. Overall, approximately 83% of participants implemented a finance management plan by adopting the recommended practices two months after the PPMM course. A Spearman’s rho bivariate correlation indicated there was a positive relationship between the total number of recommended financial management practices implemented and savings ($\rho = 0.41$, $p < 0.05$); an increase in the adoption of recommended practices led to an increase in savings for participants two months after the program.

Four months after completing the PPMM course, results show positive financial wellness among participants ($n = 20$); 95% of participants agreed they could handle a major unexpected expense, 90% agreed they can enjoy life because of the way they managed their money, and 65% agreed they had money left over at the end of the month. Overall, about 75% of participants expressed improved financial wellness. With respect to financial shocks, more than half the number of
respondents (55%) indicated they were completely confident in their ability to come up with $2,000 if an unexpected event occurred in the next few months. This is supported by a 38% average increase in participants’ savings rate since starting the program. Lastly, most participants (65%) rated their overall personal financial well-being as good, while 20% rated it as excellent four months after completing an EFW activity.

Public Value

EFW was developed with support from the DWS to facilitate finance education to Utahns as a direct response to consistent increases in consumer debt, low levels of financial literacy, and unpredictable global events affecting the economic stability of families and individuals. Program activities started in 2020 with partnerships across the state to ensure program access to low-income families and women in Utah.

Evaluation results demonstrate favorable program outcomes; participants experienced significant increases in their knowledge of finance management topics and gained skills to implement a financial management plan immediately after completion of the program. Further, almost all participants adopted a finance management plan by implementing sound financial practices two months after the program. Four months after, participants reported an increase in savings, increase in their ability to handle unexpected financial burdens, and a general increase in their financial well-being.

EFW has been successful in improving the economic well-being of families and individuals after the first year of operations. Moving forward, the program will seek to expand programming activities to new audiences through increased collaborations with economic development programs such as the ROI. In addition to online programming, EFW also plans to implement face-to-face workshops. To learn more about EFW, visit https://extension.usu.edu/finance/empowering-financial-wellness/index

References


