

Understanding the Long-Term Benefits of a Latino Financial Literacy Education Program

Abstract

The long-term impact of a Latino financial literacy program was evaluated with a sample of relatively recent immigrant populations in southern Minnesota. Telephone and face-to-face interviews were conducted with participants 6 months post program completion. Results indicate that improvements in knowledge and skills were retained and that these learning were applied to make improvements in participants' financial situations. Participants acknowledged that more important than gaining knowledge was learning how to apply what they have learned. Implications for Extension are offered in terms of those factors that promoted the effectiveness of the financial literacy education.

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Introduction

Extension education programs in the U.S. are based on a policy that declares that "all educational programs are available to clientele on a non-discriminatory basis without regard to race, color, creed, religion, sexual orientation, national origin, gender, age, disability" (Hoorman, 2002). Latinos or Hispanics, a heterogeneous group, have one of the fastest growth rates in the U.S., and currently represent 16% of the U.S. population (U.S. Census Bureau, 2010). Much of this growth is due to births from the Hispanic/Latino population, especially Mexican-American immigrants (Pew Hispanic Center, 2011).

Compared to those of other groups, the economy of immigrants has been more profoundly affected due to decreases in employment and increases in unemployment since 2006. The recession that began in 2007 had nearly an immediate detrimental effect on the immigrant population, with their

poverty rates peaking in 2007 and 2008 (Orrenius & Zavodny, 2009). To make matters worse for Latino immigrants, due to questions about their document status, they were often not eligible for some of the safety nets afforded to other immigrant groups, like food support, cash support, healthcare supports, and other social programs for children and families (Orrenius & Zavodny, 2009). Even those who were eligible were often reluctant to apply for supports for fear of affecting their family members' future legal status. Kochhar, Fry, and Taylor (2011) indicated that net worth of Hispanics decreased 66% from 2005 to 2009. They cited the housing downturn and increases in credit card debt, student loans, and other unsecured liabilities as factors that influenced the declining net worth.

Clearly, financial literacy education as well as other resource management supports such as for navigating financial and other resource support systems are critical for the Latino community. A past *Journal of Extension* article by Farner, Rhoads, Cutz, and Farner, (2005) indicated that Latinos living in America are eager to learn financial information. The study also noted that many families from Mexico come to the United States to work and save money, but do not receive adequate information to help manage their personal finances in order to better meet their goals.

Latino Financial Literacy Education in Minnesota Extension

Minnesota Extension piloted the original Latino financial literacy education in 2003 and continued to build and improve the program. A past study to increase participation in programs for minority women has shown that participation increased when they were encouraged to attend by people they trust (Escobar-Chaves, Tortolero, Masse, Watson, & Fulton, 2002). This was further validated by an article in the *Journal of Extension* by Hobbs (2004), who found that a critical factor in Latino involvement is an establishment of personal relationships and development of a level of trust. In Minnesota, Extension responded by hiring four Latino educators to develop, test, and expand financial literacy education with immigrant Latino families.

The basis of the Latino financial literacy education was the University of Minnesota Extension *Dollar Works 2: A Personal Financial Education Program* (DW2). This curriculum focuses on five main topics: Making Money Decisions, Building Money Management Skills, Managing Income and Bank Accounts, Understanding Credit and Debt, and Targeting Money issues. All handouts are available to participants in Spanish. While DW2 was the core educational component for all series, the educators also embedded additional resource management topics as needed such as how to rent, purchase a home, and pay for college. The instruction and learning environment was hands-on, as Farner et al., (2005) reported as a best practice strategy for working with Latino families. To meet the needs of the Latino participants, class length and hours per series of classes offered are very flexible. However, each session typically lasts 1 to 1 1/2 hours, and on average, participants attend 6-9 hours of classes.

The Purpose of the Current Study

Each year, approximately 1,300 participants attend DW2 education offered by Extension, and approximately 25% of those attending are Latino participants. DW2 includes an online evaluation system with pre-post-follow-up assessments. Additionally, a quasi-experimental pre-post-follow-up

design was employed to explore the impact of DW2.

Early on, Latino educators questioned the validity of the data gathered from the Latino participants using these evaluation tools. From their experiences with Latino immigrant populations, items using Likert-type scales and difficult financial concepts in the current assessment tools were barriers to gathering relevant outcome data for this population. Their experiences are aligned with prior research on relevancy of using Likert-type scales for understanding program effects for recent immigrant Latino populations. For example, D'Alonzo (2012) found that Likert scales among immigrant Latinos are often problematic even when the instruments have been previously translated and have demonstrated adequate validity and reliability among Spanish-speaking populations. The Likert scale approach often assumes that persons of Hispanic ancestry are a homogeneous, well-educated group. Other studies exploring evaluation methods with Latino populations have found that Hispanics prefer extreme responses to a greater extent than non-Hispanic Whites and typically are more likely to agree with a given item (Dogán, Sitnick, & Onati, 2012; Marin, Gamba, & Marin, 1992). These extreme response sets often create problems due to lack of variability and ways in which mean responses can be interpreted. One practical recommendation across these researchers is that a more valid evaluation can be obtained through the use of qualitative methods. At the minimum, the authors recommend to expand the repertoire of approaches to data collection (Marin et al., 1992; Warrix, Nieto, & Nicolay, 2006).

To better understand learning gains, the Latino financial literacy team decided to use a more open-ended post-survey tool to capture concepts and skills learned and participants' intentions to use these skills. After testing the open-ended post-surveys, the Latino financial literacy team wanted to further their understanding of how bilingual speaking educators using DW2 have affected the day-to-day lives of Latino families. The main objective of the current study was to follow up with past participants to identify the most critical learning from the participants' own voices and how the learning was applied. A secondary interest in conducting the follow-up evaluation was to explore whether maximizing flexibility to attend to the needs of recent immigrant Latino participants (e.g., adding/removing content; adapting teaching strategies; changing dosage; flexible scheduling; and attending to other learning needs expressed by the participants), sometimes at the expense of program fidelity, would hinder achieving key outcomes targeted by DW2.

Methods

Procedures

Four Latino Extension educators in southern Minnesota coordinated and conducted telephone and face-to-face interviews with past participants of Latino financial literacy education. The educators recruited interview participants from program attendance rosters approximately 6 months prior to the time of the interviews. Even without any economic incentives typical of evaluation studies, nearly all those contacted agreed to be interviewed. Of the 44 participants who completed the program 6 months prior to the interviews, all but five agreed to be interviewed.

Early in this process, the project team discussed who should interview the participants. Because relational trust is of foremost importance to immigrant Latino populations and the questions were

not intended to evaluate the teacher or the quality of their teaching per se, it was agreed that interview quality would be optimized if educators themselves conducted the interviews with their respective participants. Six months post-participation was selected because educators agreed that would be ample time to practice the financial literacy skills and see their effects.

The interview protocol was in Spanish and addressed participants' recall of class lessons (to provide context for the rest of the interview); the usefulness of program information; application of acquired skills and knowledge in everyday lives; and exposure to other financial literacy learning opportunities (both formal and informal). Specific questions included:

1. Do you remember what your experience was like in the classes? What were some of the information you remember learning?
2. How helpful was the information to you? Are you using any of the information in your everyday life? Probe
3. Have you taken any other classes or looked for information using the computer or reading magazines or newspapers where they talked about finances? What were some of the topics you were getting more information about?
4. Have you talked to any family members or friends about what you learned in the classes or encouraged them to take the classes?
5. Do you have any suggestions that will help make the classes more useful to future participants? What topics related to finances would you want to learn more about?

Data Analysis

All interviews were conducted in Spanish, and detailed notes were taken by the interviewers. The notes were transcribed in Spanish and translated into English, and educators who conducted the interviews reviewed the translations for accuracy. Two members of a research and evaluation team, with extensive experience in qualitative research, analyzed all data using MAXQDA (VERBI Software, 2012), a qualitative data analytic tool. Responses were aggregated across transcripts by the key questions and explored for emergent themes.

Participant Characteristics

A total of 39 (out of possibility 44) Latino/Hispanic program participants from southern Minnesota were interviewed, of whom 35 were females and four were males. Participants' ages ranged from 25-35 (7), 36-45 (31), and 46-55 (1). The vast majority (77%) spoke primarily Spanish, and the other nine (23%) spoke both English and Spanish fluently. With exception of one, all of them were from Mexico. Only two reported middle-income level, while the rest indicated a low-income level (based on poverty guidelines).

Results

The study findings ranged from core learning and application as well as program processes that worked and lessons for future improvements, including additional resource management topics participants want to know more about. This article focuses on results pertaining specifically to the core learning and application in their day-to-day lives.

Key Learning

The results indicated that participants' most salient learning is very much aligned with the core learning components of DW2 (outlined in an earlier section). For example, competencies highlighted by participants include: the ability to design and manage a spending plan to avoid overspending and staying debt-free; setting spending priorities; navigating financial institutions and creditors; making sound money decisions; and finding ways to save, even if it's in small increments. Some examples of what participants reported include the following.

- "Set priorities by identify(ing) needs and wants and making sound money decisions."
- "Paying bills to avoid collections."
- "The class helped me to understand how to ask for a loan, how to negotiate with the creditors."
- "Now I know how to apply what I have learned in my daily life. I know how to go to a bank and open a savings account. What kinds of insurance there are and what they are for."

Arguably, what participants gained most was a sense of empowerment, an increased self-efficacy that allowed them to take better care of themselves and their finances. For example, participants noted the following.

- "I felt good, after you explained. I understood what I had to do."
- "[The class helped] a lot for living better! I negotiate with the creditors...your class encouraged me very much. "
- "Now I can go to the bank with more security and talk about what I want and need...the class has helped me to be more certain of what I want"
- "The received information gave me direction about what I needed to do to ask for service."

How the Learning Was Applied

Participants noted that more important than gaining knowledge was learning how to apply what they have learned: "We knew a lot of the things already, but now we can practice them." Participants had no trouble discussing how they were applying what they learned. Relevant behaviors centered around negotiating relationships with financial institutions; saving more; applying the decision-making model when making key purchases; and sharing what they've learned with friends and family.

- "It has served me because I have saved all the change to start and deposit a little in each time

that they pay to my spouse from each check and see if they see the difference."

- "Here, before [the class] they gave me a class on bank accounts and in fact I learned a lot. I didn't have an account-- after the class I opened one,"
- "I am using the information in my daily life. My husband wants to buy a car; we are taking that decision because it's needed. We compared prices, calculate the payments and looked for an economic car."
- "Now I write down everything I spend and little by little I stop to buy the things I don't need."
- "I have learned not to spend money like crazy. ...On Sundays I go to the park, I don't spend any money there. I taught my husband what I've learned."
- "I am teaching my son how to save money for the future. He has his own savings account."

While most were able to discuss real life applications, a few participants were hampered by undocumented status and its real and perceived barriers. Examples include the following.

- "How do [we] help those persons who don't have personal identification?"
- "I am unable to apply certain services that I have learned about in the class." [due to status]

Within the 6 months, participants were already reporting seeing the fruits of these actions. Whether it was planning to attend college or starting their own small business (something they said they want to learn more about), they were beginning to report some impacts.

- "The situation with my renter is more accessible. I'm applying to look for what my rights are and the law [that] applies in the contract."
- "The workshop helped me to get an extra-job. I have my full time job and I sell cosmetics as an extra-job. This helps my husband and me to compensate expenses."
- "It helped me buy a home."

One participant who was opening her own dressmaking business indicated the following.

- "I'm interested in dressmaking and how to save and have the motivation and I will not say I cannot."

Why the Education Works

Generally, the participants interviewed were highly complementary of their Extension financial literacy education experiences. Several key factors were noted by the participants for this reaction. Foremost, they agreed that the topics being taught were important for them. And the fact that they could ask questions about real life issues and discuss practical solutions helped to promote their

learning. The flexibility of the educators to go beyond the curriculum content to address emerging issues was seen as central to their engagement. In addition, learning in their native language from culturally competent educators was also important to them.

- "It's important, this information, over there [in Mexico] there is not much information..."
- "The information [outside] is very limited. The difference in the classes here was that I could directly ask the person who was teaching the class."
- "How you help those who come here to learn about money looks very good to me. You take in account we are Hispanics and our language."
- "More than nothing, you are very specific and you try to help us find the information and solution,"

Summary and Implications

DW2 is based on the assumption that personal financial management consists of a set of skills that can be learned. Learning these basic skills has become critical for rural immigrant families. Unlike in metro areas, jobs in rural areas are limited and typically lower paying (Blewett, Smaida, Fuentes, & Zuehlke, 2003). Extension financial literacy education arrived in a critical time to attend to needs of Latino immigrant populations in Minnesota, especially given the national economic turmoil of recent years.

The results of the follow-up study indicate that participants are not only retaining what they have learned, but are also applying the learning in their day-to-day lives to improve their financial situations. The concepts and skills they are retaining are very much aligned with the learning outcomes outlined in DW2. There is much debate in Extension about the balance between fidelity to original curriculum and adaptations needed to attend to relevancy for a particular audience. In this case, the educators consistently chose to adapt the curriculum to attend to participant realities. For example, they changed the timing and number of sessions to attend to participants' work and family schedules. They added content in response to participants' emerging needs, such as rental and home-buying education as well as paying for college. The results of the follow-up interviews indicated that participants still achieved core learning outcomes of the curriculum. In fact, it could be argued that attention to audience needs enhanced rather than detracted from achieving the learning outcomes.

Participants noted that their learning was greatly influenced by factors such as: a real need for relevant financial education; instructors that taught the financial topics in their own language using the same cultural frame; and access to education in their own communities, in neutral locations, and at times appropriate for the learners. They also appreciated that the educators responded to additional learning needs beyond what was taught through DW2. The participants noted that learning about real-life problems and the ability to practice solutions in class was even more helpful than learning the knowledge. These findings are consistent with other reports on best practice strategies for working with Latino families (Farner et al., 2005; Lyons, Chang, & Scherpf, 2006).

Latino/Hispanic immigrants generally have many questions about how to navigate the U.S. financial system. The success of University of Minnesota Extension in the development and application of a Latino financial literacy education program was largely based on building trust and respect with the participants, key ingredients for working with diverse communities (Derksen, Franklin, & Bock, 2008). An important take-away for Extension is that core curricular learning outcomes can be achieved, perhaps even enhanced, through adaptations to better meet the needs of Latino families. Additionally, follow-up interviews are an authentic way to understand longer-term program effects for Latino participants. A caution is that the follow-up evaluations described here were completed with a relatively small sample of Latino participants (n=39), and the results may not be relevant for all Latino participants. However, the participants were overwhelmingly positive about their experiences and articulated ways they are using what they have learned to improve their financial situation.

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