U.S. Department of Justice
Executive Office for United States Trustees

Report to Congress:

Evaluation of Instructional Classes in Personal Financial Management for Consumer Bankruptcy Debtors

(As required by Section 105 of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Public Law 109-8)

May 2008

REPORT ON THE EVALUATION OF INSTRUCTIONAL CLASSES IN PERSONAL FINANCIAL MANAGEMENT FOR CONSUMER BANKRUPTCY DEBTORS

Introduction

Section 105 of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. 109-8, 119 Stat. 23 (2005) (BAPCPA), required the Director of the Executive Office for United States Trustees (EOUST) to: (1) develop a financial management training curriculum and materials to educate individuals who file bankruptcy on how to better manage their finances; (2) test and evaluate the effectiveness of such curriculum and materials; and (3) report on findings regarding the effectiveness of such curriculum and materials and the costs, generally, of financial management education programs for bankruptcy debtors. Specifically, section 105 provides that:

> (a) Development of Financial Management and Training Curriculum and materials.—The Director of the Executive Office for United States Trustees (in this section referred to as the "Director") shall consult with a wide range of individuals who are experts in the field of debtor education, including trustees who serve in cases under chapter 13 of title 11, United States Code, and who operate financial management education programs for debtors, and shall develop a financial management training curriculum and materials that can be used to educate debtors who are individuals on how to better manage their finances.
>
> (b) Test.—
>
>> (1) Selection of Districts.—The Director shall select 6 judicial districts of the United States in which to test the effectiveness of the financial management training curriculum and materials developed under subsection (a).
>>
>> (2) Use.—For an 18-month period beginning not later than 270 days after the date of the enactment of this Act, such curriculum and materials shall be, for the 6 judicial districts selected under paragraph (1), used as the instructional course concerning personal financial management for purposes of section 111 of title 11, United States Code.

(c) Evaluation.—

(1) In General.—During the 18-month period referred to in subsection (b), the Director shall evaluate the effectiveness of—

(A) the financial management training curriculum and materials developed under subsection (a); and

(B) a sample of existing consumer education programs such as those described in the Report of the National Bankruptcy Review Commission (October 20, 1997) that are representative of consumer education programs carried out by the credit industry, by trustees serving under chapter 13 of title 11, United States Code, and by consumer counseling groups.

(2) Report.—Not later than 3 months after concluding such evaluation, the Director shall submit a report to the Speaker of the House of Representatives and the President pro tempore of the Senate, for referral to the appropriate committees of the Congress, containing the findings of the Director regarding the effectiveness of such curriculum, such materials, and such programs and their costs.

This report presents research findings regarding the effectiveness of the curriculum and materials developed by the EOUST and two other consumer education programs for debtors, as well as the cost of financial management training programs currently available to debtors.

Background

To develop a financial management training curriculum, the EOUST contracted with the Education Development Center (EDC) to work in consultation with the EOUST and experts in the field of debtor education. EDC reviewed existing financial management education curricula and conducted interviews with professionals working in the field of financial education and management. These efforts, along with a day-long meeting of financial experts and EOUST representatives, led to the development of a draft curriculum.

EOUST then contracted with Abt Associates to pilot the EDC financial management training curriculum and materials for debtors. Abt Associates was responsible for implementing the EDC curriculum at six academic sites and evaluating its effectiveness, as well as evaluating the effectiveness of a sample of existing financial management education programs for debtors. The Abt Associates report is attached hereto as Exhibit 1.[1/]

Research Approach

The EOUST recruited three types of providers: academic providers of financial management education from a cooperative extension service to pilot the EDC curriculum; the Trustees' Education Network (TEN); and a private, nonprofit credit counseling agency. The academic providers are universities within the Cooperative State Research, Education, and Extension Service, a component of the U.S. Department of Agriculture. TEN is a nonprofit entity established by the National Association of Chapter Thirteen Trustees dedicated to providing quality personal financial management courses to individuals and families who have filed for protection under chapter 13 of the Bankruptcy Code.

The EDC curriculum and materials, as well as the TEN curriculum, were tested in six judicial districts in Illinois (Northern), New Jersey, Texas (Northern), Virginia (Eastern and Western), and Washington (Eastern). The credit counseling agency curriculum was presented in each of those judicial districts, except the Eastern District of Washington. The academic providers implemented the EDC curriculum, and TEN and the credit counseling agency each implemented their own curriculum. The academic providers and TEN delivered their curriculum in classroom settings free of charge. The credit counseling agency delivered its curriculum by telephone conference call and charged a fee, unless the debtor was unable to pay. As the BAPCPA required, Abt Associates evaluated the effect of each curriculum on debtors.

[1/] The USTP conducted an independent external peer review of Abt Associates' draft report. Several of the comments from that review are incorporated in the final report.

Pre- and post-instruction questionnaires were used as part of the pilot study to answer the following key questions about the three curricula offered by the providers:

1. Were debtors ***satisfied*** with the curricula?

2. Did debtor ***knowledge*** in the major areas addressed in the curricula *increase* after the class?

3. Did the debtors' plans to follow sound financial management ***behaviors*** *increase* after the class?

The questionnaires included 10 true-false questions to measure a debtor's knowledge about sound financial management practices and 10 questions to measure financial decisions and planning. During the study enrollment period of April 1, 2006, to December 31, 2006, 2,949 debtors completed the pre- and post-instruction questionnaires. Three-month follow-up interviews were conducted with 1,350 of these debtors.

It is important to note that, as with any study, there are limitations on the findings presented in the Abt Associates report that should be carefully considered. In addition to the study design limitations identified by Abt Associates, this is a report of only one pilot program and the evaluation of two existing curricula in a limited number of judicial districts. It may not be possible to generalize these findings to all financial management curricula, all modes of delivery (in-person, telephone, and internet), all providers, or all debtors taking a required financial management course prior to receiving a bankruptcy discharge.

Findings

Based upon the research conducted by Abt Associates, the Director of the EOUST makes the following findings regarding the effectiveness of the three financial management training curricula and materials that were tested for the EOUST.

1. Across all providers, 97 percent of debtors reported that they would recommend the program to others, and 97 percent agreed that their overall ability to manage their finances had improved as a result of participating in the class.

2. Immediately after the class, almost 44 percent of the debtors reported at least one change in their financial practices that involved either the intention to adopt a practice that they had not planned to follow before the class or planning to adopt a practice sooner than they had expected. About half of these debtors (or approximately 22 percent overall) reported three months later they had adopted the practice.

3. Debtors were able to give more correct answers to the 10 knowledge questions after the class than they had answered correctly before the class. However, because of pre-existing knowledge, improvements in knowledge and financial practices as measured by the questionnaires were small. The Abt Associates report suggests that the existing knowledge may have been due to the credit counseling session that all debtors participated in by law prior to filing for bankruptcy, or the debtors were already knowledgeable about financial practices but may have experienced financial problems due to an unanticipated crisis (e.g., illness, job loss, or divorce) instead of poor financial management. For this later group of debtors, Abt Associates concluded that knowledge regarding how to handle unanticipated life events may be beneficial.

Based on data collected by EOUST staff from currently approved providers of debtor education, the Director of the EOUST makes the following finding regarding the cost of financial management education programs for debtors in bankruptcy.

4. Out of 101 approved providers of financial management education programs, 81 reported charging a fee and 20 reported their courses were provided at no charge.[2/] All approved chapter 13 trustee providers offered financial management education programs courses for free. Based on the 81 approved providers who charge a fee, the median fee paid per individual was $50. Individual fees charged by providers ranged from $15 to $125. The median fee paid per couple was $55. Couple fees ranged from $25 to $150.

Conclusion

Almost all of the consumer bankruptcy debtors (97 percent) in the pilot study who took the course utilizing the financial management training curriculum and materials developed for the EOUST expressed a high level of satisfaction with the curriculum. Further, almost half of the consumer bankruptcy debtors in the pilot study reported their intention to change at least one financial practice. The pilot study did not, however, find substantial improvement in knowledge and financial practices, likely due to pre-existing knowledge regarding the topics measured.

[2/] Data based on information provided by the first 101 agencies approved by EOUST as financial management education providers.

Exhibit 1

Abt Associates Inc.

From Insight to Impact
– worldwide

Evaluation of Instructional Classes in Personal Financial Management for Consumer Bankruptcy Debtors

Final Report

Contract 5F-UST-00418 under GSA Schedule GS-10F-086K

February 26, 2008

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Executive Summary

This report presents the design, procedures, and findings of an evaluation of three instructional courses in personal financial management for consumer bankruptcy debtors.

The study sought to answer the following questions about the three curriculums:

(1) Were debtors ***satisfied*** with the curriculums?

(2) Did debtor ***knowledge*** in the major areas addressed in the curriculums *increase* immediately after the class?

(3) Three months later, did debtors ***retain*** any increase in knowledge gained immediately after the class?

(4) Did the debtors' plans to follow sound financial management ***behaviors*** increase immediately after the class?

(5) Did more debtors follow sound management behaviors ***three months*** after the class than were following them before the class?

(6) Did any changes in debtors' knowledge of and behavior related to sound financial practices ***vary by judicial district, curriculum, or debtor characteristics***?

Background to the Study

Congress passed the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which the President signed into law on April 20, 2005. ***The Act requires completion of a personal financial management course after filing for bankruptcy before the debt can be discharged.***

Subsection (a) of section 105 of the Act provides that:

> "The Director of the Executive Office for U.S. Trustees [EOUST, the office within the Department of Justice that oversees the country's bankruptcy system] . . . shall consult with a wide range of individuals who are experts in the field of debtor education . . . and shall develop a financial management training curriculum and materials that can be used to educate debtors who are individuals on how to better manage their finances."

The Act goes on to direct the EOUST director to ***evaluate the effectiveness*** of:

(A) "the financial management training curriculum and materials developed under subsection (a) and

(B) a sample of existing consumer education programs . . . that are representative of consumer education programs carried out by the credit industry, by trustees serving under chapter 13 of title 11, United States Code, and by consumer counseling groups."

After a competitive bid process, EOUST contracted with Education Development Center (EDC) to develop the new curriculum and with Abt Associates to conduct the evaluation. Abt Associates evaluated curriculums offered by three different types of providers recruited by EOUST:

- five different ***academic providers of financial education*** (Cooperative Extension programs);

- the ***Trustees' Education Network (TEN)***, a nonprofit entity established by the National Association of Chapter Thirteen Trustees to extend the quality of personal financial management education to debtors nationwide; and

- ***Credit Counseling Agency (CCA)*** (not its real name), a private, nonprofit educational organization that develops and delivers programs that educate the public on sound personal financial skills and management principles.

EOUST identified five judicial districts in which it was able to recruit quickly all three types of providers to participate in the evaluation. In a sixth district that EOUST identified, only an academic provider and CCA participated in the evaluation.

The academic providers implemented the EDC curriculum, and TEN and CCA implemented their own curriculums. The academic providers and TEN taught the curriculums in classroom settings where debtors assembled; the classes that CCA taught that were included in the study took place by telephone conference call with a single instructor and a group of debtors.

As the legislation cited above required, we evaluated each curriculum's effects on debtors independently. However, where we found that the effects of one curriculum on debtor knowledge or behavior were statistically different from the effects of the other curriculums, the exhibits in chapter three note these variations.

There were a number of limitations to the study, among which were the following:

- ***We were unable to implement random assignment*** with any of the providers by assigning half the debtors to be taught each provider's own curriculum and the other half the EDC curriculum. Without random assignment, because debtors chose the class they would attend (and, therefore, the curriculum they would be taught), we could not say whether differences in outcomes were caused by differences in curriculums or by differences in the kinds of debtors who chose a particular provider (selection bias).

- ***We were unable to use a comparison group of debtors*** who did not attend the classes. This had little effect on our ability to measure learning during the class because we compared responses on a questionnaire administered immediately before the class with responses given immediately after the class. However, the absence of a comparison group weakened our ability to attribute behavior reported on the three-month follow-up interview to the effects of the class.

- The three curriculums addressed many topics that, of necessity, a short questionnaire could not address. In addition, it would have been difficult for any questionnaire to have reliably tested whether the curriculums reinforced information the debtors already knew before they attended the class. As a result, debtors may have learned information and skills that were not measured in this study. Indeed, the high level of satisfaction that almost all debtors (97 percent) expressed with the classes suggests that ***debtors may have found the curriculums beneficial in ways that the questionnaires could not measure***.

- The TEN and academic provider curriculums were delivered in person, while the CCA curriculum was delivered by telephone. As a result, ***we could not determine whether differences in learning between debtors taught the TEN and EDC curriculums and debtors taught the CCA curriculum were attributable to the content of the curriculums, to their mode of delivery, or both***.

Despite these and other study limitations, ***we were able to answer the research questions of whether participants:***

- ***were satisfied with the curriculums;***
- ***had more information about selected sound financial practices after the class than they had before the class; and***
- ***planned to follow these practices.***

Data Collection

In order to answer the research questions posed for the evaluation, a pre-instruction questionnaire, post-instruction questionnaire, and three-month follow-up questionnaire were administered as follows to debtors participating in the study:

- The academic and TEN instructors administered a questionnaire to participants at the beginning and end of each class.

- Debtors taught the CCA curriculum filled out the questionnaires on their own at home before and after the conference call and mailed them back to CCA.

- Three months after each class, Abt Associates administered a telephone follow-up questionnaire to the debtors who had participated in the academic provider and TEN classes. Debtors in CCA's classes did not participate in this follow-up survey.

The questionnaires included 10 true-false questions to measure debtors' knowledge about sound financial management practices and 10 questions to measure financial decisions and planning.

During the study enrollment period, we obtained 2,949 completed pre-instruction and post-instruction questionnaires from debtors. We completed follow-up interviews with 1,350 debtors. While we achieved our overall enrollment goals for all three providers combined, we failed to reach our enrollment goals for debtors participating in the academic provider classes, largely because of the instructors' unexpectedly small class sizes and numerous class cancellations. As a result, our sample had slightly less precision than we had planned, but this reduction did not affect our conclusions.

Effectiveness of the Curriculums

The evaluation found evidence of both benefits and limitations in the debtor education curriculums we studied.

Benefits

Both anecdotal and empirical evidence showed that some debtors benefited from exposure to the three curriculums.

- Across all providers, 97 percent of debtors agreed that their overall ability to manage their finances had improved as a result of participating in the class, and 97 percent reported that they would recommend the program to others.

- As shown in the exhibit on the following page, more debtors were able to give correct answers to most of the 10 knowledge questions after the class than had answered correctly before the class.

- Between 40 percent and 80 percent of the debtors who learned information from the EDC and TEN curriculums retained what they learned three months later.

- Before the class began, we asked debtors about 10 financial practices they might follow or plan to follow. Immediately after the class, almost 44 percent of the debtors reported at least one change that involved either planning to adopt a practice that they had not planned to follow before the class or planning to adopt a practice sooner than they had expected to follow it.

- About half of the debtors (56 percent taught the EDC curriculum and 46 percent taught the TEN curriculum) who immediately after the class had expressed new intentions to adopt a financial practice said they had adopted it three months later.

- At least 10 percent of debtors in each class formulated new plans for five financial practices (or decided to adopt them sooner than planned):

  -- search for more favorable credit terms;
  -- set long- and short-term financial goals;
  -- learn how to reestablish credit;
  -- save money regularly; and
  -- use spending plans to track income and expenses.

Exhibit	**Knowledge Gain Immediately After Instruction, by Curriculum[a] and Question**		
	Increase in Percentage of Correct Answers Immediately After Instruction		
Question	**EDC**	**TEN**	**CCA**
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	15%*	6%*	5%*
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	6%*	3%*	4%*
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	10%*	3%*	3%*
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	0%	4%*	8%*
Credit reports contain information on past employers, race, and medical history.	-5%	-5%	7%*
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	9%*	7%*	8%*
A need is something that is unnecessary but desired, and a want is something that is a necessity.	0%	-1%	-1%
Approximately 10% of an individual's credit score is determined by their payment history.	-2%	-3%	13%*
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	2%	5%*	2%*
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	13%*	3%*	0%
Number of debtors[b]	*952*	*1,463*	*510*

[a] Shaded areas represent topics not addressed by the associated curriculum.
[b] For some questions, the number of respondents is smaller than for the other questions because selected questions were omitted from some pre-instruction questionnaires for methodological reasons.
* Indicates score on the post-instruction questionnaire was significantly better than on the pre-instruction questionnaire (level .05 one-tailed test)

Limitations

Beyond the benefits described above, ***there was evidence that few debtors who attended the classes learned much by way of knowledge and few debtors improved their financial practices in areas covered in the curriculums that the questionnaires addressed***.

- The debtor education classes produced only small improvements in measured knowledge and financial practices.

- After the class, only between zero and 15 percent of the debtors changed wrong answers on the pre-instruction questionnaire to right answers on the post-instruction questionnaire on the 10 knowledge questions; for more than half of the knowledge questions, fewer than 4 percent of debtors showed evidence of learning immediately after the class.

- While, as noted above, many debtors reported planning to adopt a financial practice they had not planned to implement before the class or planning to adopt a financial practice sooner, 13 percent of debtors taught the EDC curriculum, 16 percent taught the TEN curriculum, and 24 percent taught the CCA curriculum dropped or delayed plans to follow one or more of the 10 financial behaviors (e.g., learn how to re-establish credit). Seven percent of debtors taught the EDC curriculum, 10 percent taught the TEN curriculum, and 15 percent taught the CCA curriculum abandoned or delayed more plans to adopt financial practices than they added. It is important to note that a delayed plan to adopt financial practices may be an appropriate action for some debtors.

- Most debtors, regardless of the curriculum taught, left the class with the same plans to improve financial practices that they had before the class began, usually because none of their answers changed after the class but sometimes because they added one plan and dropped another.

With one exception, the debtors' demographics did not affect their learning or financial plans. In the one exception, the CCA curriculum was more effective with better-educated debtors than it was with debtors who had not attended college.

Summary and Implication of Findings

All but three percent of the debtors who participated in the study reported they were satisfied with the class they attended and would recommend it to other debtors. Furthermore:

- For debtors who did not already know the material covered in the curriculums, instruction produced small but statistically significant gains in knowledge for most of the topics addressed by the questionnaires.

- On most of the topics where knowledge gains were evident immediately after the class, substantially more than half of the debtors had retained the information three months later.

- Forty-four percent of the debtors expressed plans immediately after the class to improve at least one financial practice. About half of these debtors reported three months later that they had executed these plans.

Overall, the debtor education classes, regardless of the curriculum taught, produced small improvements in knowledge and financial practices on the measures included in the questionnaires. The explanation for this finding is that most of the participating debtors already knew the information the curriculums conveyed before they took the class and were already following many of the financial practices the curriculums promoted. ***Because of this widespread pre-existing knowledge, it was difficult for the debtors to show improvement on the post-instruction questionnaire and three-month follow-up questionnaire*****—**they had already answered most of the answers correctly on the pre-instruction questionnaire. Moreover, most debtors who did not already know the answers to the 10 questions before the class failed to learn the answers during the class.

There are at least two possible reasons for this widespread previous knowledge:

- A counseling session that all debtors participated in by law before the financial management class may have provided the answers to many of the questions on the questionnaires before the debtors attended the class.

- The curriculums were predicated on the assumption that many if not most debtors seriously overspent because they were unaware of sound financial management practices. However, there is suggestive evidence that this assumption is false for some participants. Over half the debtors (53 percent) reported they had fallen into debt because an unanticipated crisis, such as loss of work or a medical emergency, had left them without financial resources, and not because of the poor financial practices the questionnaire asked them about (use of a very high interest loan, gambling or lottery betting, and excessive use of credit). Ending up in debt because of such a crisis may have nothing to do with lack of knowledge of sound financial practices. However, this observation must be tempered by the facts that:

  -- debtors’ claims of not having mismanaged their finances are unverified and, perhaps, self-serving; and
  -- overall, 40 percent of the debtors acknowledged that, if not the exclusive reason, financial mismanagement was at least a factor in their bankruptcy.

Chapter One: Background to the Study

Pursuant to Contract 5F-UST-00418 with the Executive Office for U.S. Trustees (see the box "United States Trustee Program"), Abt Associates Inc. evaluated three instructional courses in personal financial management for consumer bankruptcy debtors. This report presents the evaluation design, procedures, and findings.

United States Trustee Program

The United States Trustee Program, a component of the United States Department of Justice created in 1978, acts in the public interest to promote the efficiency, and to protect and preserve the integrity of, the country's bankruptcy system. As such, the program:

- enforces bankruptcy laws and procedures;
- identifies and investigates bankruptcy fraud and abuse; and
- provides oversight of private trustees.

A trustee in bankruptcy is a private individual, who may be an attorney, accountant, or business executive, licensed to administer proposals and bankruptcies, and manage debtors' assets held in trust. The approximately 1,200 current trustees make sure that both the debtor's rights and the creditor's rights are respected. Chapter 7 trustees primarily liquidate nonexempt assets for the benefit of creditors, while chapter 13 trustees administer wage earner plans that provide a return to creditors primarily from debtors' future income.

The trustee program operates in 88 judicial districts, consisting of 21 regions that include one or more Federal judicial districts. Program operations are carried out through 95 field offices that report to United States Trustees in the 21 regions. Field offices appoint and supervise trustees.

The Executive Office for U.S. Trustees (EOUST), which awarded and monitored the contract to Abt Associates to evaluate the financial management courses, oversees operations of the United States Trustee Program.

This chapter reviews the organization of the report, the need for the evaluation, the study design, and the limitations of the evaluation.

Organization of the Report

The report has four chapters:

- Chapter One, **Organization of the Report**, provides the impetus for the study as well as a description of the study design and limitations.

- Chapter Two, **Data Collection**, describes how we collected process and effectiveness data, and the principal process evaluation findings.

- Chapter Three, **Effectiveness of the Curriculum with Debtors**, presents what we learned about the curriculums' apparent effects on participating debtors.

- Chapter Four, **Conclusions and Implications**, summarizes and explains the evaluation findings, and offers an approach to improving the curriculums' effects in the future.

Impetus for the Study

Congress passed the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which the President signed into law on April 20, 2005. ***The Act requires completion of a personal financial management course after filing for bankruptcy before the debt can be discharged.***

Subsection (a) of section 105 of the Act provides that:

> "The Director of the Executive Office for U.S. Trustees [EOUST, the office within the Department of Justice that oversees the country's bankruptcy system] shall consult with a wide range of individuals who are experts in the field of debtor education, including trustees who serve in cases under chapter 13 of title 11, United States Code, and who operate financial management education programs for debtors, and shall develop a financial management training curriculum and materials that can be used to educate debtors who are individuals on how to better manage their finances."

The Act goes on to direct the EOUST director ***to evaluate the effectiveness of:***

(a) "the financial management training curriculum and materials developed under subsection (a) and

(b) a sample of existing consumer education programs such as those described in the Report of the National Bankruptcy Review Commission (October 20, 1997) that are representative of consumer education programs carried out by the credit industry, by trustees serving under chapter 13 of title 11, United States Code, and by consumer counseling groups."

Principal Differences Between Chapter 7 and Chapter 13 Bankruptcy
Under chapter 7 bankruptcy, a trustee as part of a court-supervised procedure takes over the debtor's assets, reduces them to cash, and makes distributions to creditors, subject to the debtor's right to retain certain exempt property and the rights of secured creditors. Debt left unpaid is discharged within a few months. Chapter 13 bankruptcy enables a debtor with a regular source of income to keep his or her assets (e.g., a house) but requires the debtor to propose a plan, which the court must approve, to repay creditors through a trustee typically over a three-to-five-year period. The debtor does not receive discharge of debts until after he or she has completed the payments required under the plan.

After a competitive bid process, EOUST contracted with Education Development Center, Inc. (EDC), in Newton, Massachusetts, to develop the new curriculum, and with Abt Associates Inc., in Cambridge, Massachusetts, to conduct the evaluation.

Study Design

The study sought to answer the following questions about the new and two existing curriculums:

- Were debtors ***satisfied*** with the curriculums?
- Did debtor ***knowledge*** in the three areas identified in the curriculums—money management, use of credit, and wise purchasing or consumer education—increase immediately after the class?
- Three months later, did debtors ***retain*** any increase in ***knowledge*** gained immediately after the class?
- Did participating debtors' plans to follow sound financial management ***behaviors increase*** immediately after the class?
- Did more debtors follow sound management behaviors three months ***after the class*** than were following them before the class?
- Did debtor satisfaction with the curriculums, and did any changes found in debtors' knowledge of and behavior related to sound financial practices, ***vary by judicial district, curriculum, or debtor characteristics***?

As the legislation cited above required, we evaluated each curriculum's effects on debtors independently. Where we found that the effects of one curriculum on debtor knowledge or behavior were statistically different from the effects of the other curriculums, we noted these variations in the exhibits.

We evaluated curriculums offered by three providers recruited by EOUST:

- Five different ***academic providers of financial education*** (Cooperative Extension programs).

- The ***Trustees' Education Network (TEN)***, a nonprofit entity established by the National Association of Chapter Thirteen Trustees to extend the quality of personal financial management education to debtors nationwide.

- ***Credit Counseling Agency (CCA)*** (not its real name), a private, nonprofit full-service credit counseling agency that develops and delivers programs that educate the public on sound personal financial skills and management principles.

EOUST identified six judicial districts to participate in the study:

- Illinois—Northern District
- New Jersey
- Texas—Northern District
- Virginia—Eastern District
- Virginia—Western District
- Washington State—Eastern District.

EOUST chose these districts because academic providers could be recruited quickly to participate in the study and because all but one of the districts had TEN debtor education programs already in place. In the first five districts, EOUST was able to recruit all three types of providers to participate in the evaluation. In the sixth district (Washington State—Eastern District), only an academic provider and CCA participated in the evaluation.

The participating academic providers in each district implemented the new EDC curriculum, and TEN and CCA implemented their own existing curriculums. The academic providers and TEN taught the curriculums in classroom settings where debtors assembled; the classes that CCA taught that were included in the study took place by telephone conference call with a single instructor and a group of debtors. All three curriculums take about two hours to administer and focus on the three areas of money management, use of credit, and wise purchasing or consumer information.

In order to answer the research questions posed for the evaluation, a pre-instruction questionnaire, post-instruction questionnaire, and three-month follow-up questionnaire were administered to debtors participating in the study:

- the academic provider and TEN instructors administered a questionnaire to participants in person at the beginning and end of each class;

- debtors taught CCA's curriculum filled out the questionnaires on their own at home before and after the conference call and mailed or faxed them back to CCA upon completion of the class; and

- Abt Associates administered by telephone a follow-up questionnaire to the debtors in the academic provider and TEN classes three months after each class.

CCA developed the questionnaires and offered them to EOUST for use in the study, an offer EOUST accepted. The questionnaires included 10 true-false questions to measure debtors' gain in knowledge about sound financial management practices and 10 questions to measure their self-reported improvement related to financial decisions and planning. Appendix B provides a copy of each questionnaire.

The three providers administered the pre- and post-instruction questionnaires between April 1, 2006, and December 30, 2006. Abt Associates administered the follow-up questionnaire from July 1, 2006, through March 31, 2007, to debtors who had attended the academic provider and TEN classes.

Study Limitations

Below, we review selected limitations to the study. Appendix A provides additional information about these limitations and identifies still other limitations.

(1) The three curriculums addressed many topics that, of necessity, a short questionnaire could not address. In addition, it would have been difficult for any questionnaire to have reliably tested whether the curriculums reinforced information the debtors already knew before they attended the class. As a result, debtors may have learned information and skills that were not measured in this study. Indeed, the high level of satisfaction that 97 percent of the debtors expressed with the classes (see chapter three) suggests that ***debtors may have found the curriculums beneficial in ways the questionnaires did not measure***.

(2) ***We were unable to implement a proposed random assignment component with the academic providers*** in which half the debtors would have been randomly assigned to be taught the providers' own curriculums and the other half randomly assigned to be taught the EDC curriculum. Without random assignment, debtors were free to choose the class they would attend (and, therefore, the curriculum they would be taught). As a result, we could not compare the effects of the EDC curriculum on debtor knowledge and behavior with the effects of any other curriculum taught to a rigorously comparable group of debtors.

(3) ***We were unable to use a control group.*** Because the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires all debtors to participate in a debtor education class, it was impossible to create a control group of debtors who did not participate in a class and who would be comparable to debtors who did participate in a class. This had little effect on our ability to measure learning during the class. We measured changes by comparing debtors' responses on a questionnaire administered immediately before the class with debtors' responses both immediately after the class and three months after the class. When these responses were obtained on the post-instruction questionnaire immediately after the class, we felt comfortable in attributing the differences to the effect of the intervening instruction. However, this logic is less compelling when applied to the three-month follow-up responses, because experiences debtors had during the intervening three months, such as reading an article or talking with a financial advisor on ways to avoid future debt, might have contributed to their ability to answer the questions correctly. We had no way to distinguish such learning from the effects of the curriculums.

(4) ***Debtors who chose to attend a particular provider's classes were different from debtors in other providers' classes.*** This limited our ability to compare results across programs because only some of these differences are known. For example, debtors were able to attend the academic provider and TEN classes for free but had to pay to attend the CCA classes. As a result, it is possible that debtors who chose the free class differed from debtors who chose—or were able—to pay for the class. In addition, nearly all debtors educated by TEN instructors filed under chapter 13, compared with only 8 percent of debtors educated by other providers. Chapter 13 filers differ from debtors who file under chapter 7 in many respects (including income and education) that may be associated with knowledge and behavior related to sound financial practices.

(5) In addition to differences among debtors, the TEN and academic provider curriculums were delivered in person, while the CCA curriculum was delivered by telephone. As a result, ***we could not determine whether differences in learning between debtors taught the TEN and EDC curriculums and debtors taught the CCA curriculum were attributable to the content of the curriculums, to their mode of delivery, or both***.

(6) Our original study design anticipated including debtors participating in CCA's classroom course and conducting the three-month follow-up survey with these debtors as well as with the debtors attending the academic providers and TEN classes. However, when it appeared that the number of debtors attending CCA's in-person classes would be too small for analytic purposes, EOUST approached CCA to request a telephone sample, which CCA agreed to provide. However, because CCA had already begun its own internal study, which was designed to follow up with its phone participants ***six*** months after the debtor education class, ***CCA was unable to provide three-month follow-up data***.

These limitations circumscribed our ability to:

- determine what participating debtors may have learned from the curriculums in terms of (a) all the important information provided in the curriculums and (b) pre-existing knowledge that the curriculums may have reinforced;

- distinguish what debtors recalled after three months from the curriculums from what they might have learned from other events during that period of time that might have increased their knowledge;

- account definitively for why so many debtors knew the answers to so many questions on the pre-instruction questionnaire; and

- distinguish the effects of one curriculum from another.

Despite these and other study limitations, ***we were able to answer the research questions of whether participants were satisfied with the curriculums, had more information about sound financial practices after the class than they had before the class, and reported they had plans to follow these practices.***

Chapter Two: Data Collection

This chapter reviews the data collection procedures for the impact and process analyses, the process of recruiting and retaining participants, and the characteristics of the debtors and their instructors who participated in the study.

Data Collection Procedures

During the study enrollment period from April 1, 2006, to December 31, 2006, debtors in the participating academic provider, TEN, and Credit Counseling Agency (CCA) classes completed a questionnaire before and after participating in the debtor education class. Participants in the academic provider and TEN classes also completed a three-month follow-up questionnaire during the period from July 1, 2006, through March 31, 2007. The study used established questionnaires developed by CCA. The pre-instruction questionnaire measured debtors' baseline knowledge of sound financial practices and identified their current financial behaviors, and the post-instruction and follow-up questionnaires measured short- and long-term improvements in knowledge and behavior (see exhibit 2-1, "Questions Participants Answered"). Appendix B provides a copy of each questionnaire.

Exhibit 2-1 Questions Participants Answered

Knowledge Questions

1. Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.
2. A need is something that is unnecessary but desired, and a want is something that is a necessity.
3. Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.
4. Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.
5. Gross income is defined as income after taxes and other withholdings have been subtracted from net income.
6. Financial experts recommend having an emergency fund that is equal to 3-6 months worth of living expenses.
7. Approximately 10% of an individual's credit score is determined by their payment history.
8. A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much.
9. Credit reports contain information on past employers, race, and medical history.
10. Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.

Financial Practices Questions

1. Set short and long-term financial goals.
2. Save money regularly.
3. Use a spending plan to track income and expenses.
4. Reduce impulse spending and cut unnecessary expenses.
5. Review income and expenses before making a large purchase.
6. Pay bills on time each month.
7. Review bills each month for accuracy.
8. Compare prices before making purchases.
9. Learn how to re-establish credit.
10. Search for more favorable credit terms as credit standing improves.

We also collected information on the instructors' delivery of the curriculums and administration of the pre- and post-instruction questionnaires based on observations and telephone interviews with systematically selected instructors (see exhibit 2-2) and an instructor checklist filled out by every instructor after every class (see appendix C).

Exhibit 2-2 Procedures for Collecting Information About Instructors' Teaching

Instructor Observations: As part of our data collection for the process analysis, we observed 9 selected debtor education classes (6 academic provider classes, 1 TEN class, and 2 CCA classes). Trained Abt Associates' staff used a checklist to rate the instructors' delivery of the curriculum (e.g., whether they adhered to the suggested time spans, whether they omitted any major topic areas, how effective they were as communicators); their administration of the informed consent form, pre-instruction questionnaire, and post-instruction questionnaire; and their completion of the instructor checklist (see appendix D for the Guide for Observing Instructors).

Telephone Interviews with Instructors: Project staff interviewed 15 systematically selected instructors (9 academic provider, 3 TEN, and 3 CCA) soon after each had taught a debtor education class. Instructors were asked questions, which replicated the questions on the observation guide, about the delivery of the curriculum, administration of the questionnaires, and completion of the instructor checklist. We asked the instructors to answer all questions in terms of their most recent class (see appendix E for the Guide for Interviewing Instructors).

Instructor Checklists: All academic provider and TEN instructors were asked to complete an instructor checklist soon after each class on which they answered questions about the class, such as the number of participants, how long the instruction portion of the class took, and the material covered. The checklist also asked instructors to provide information about any difficulties with the administration of the questionnaires during the class (see appendix C for the Instructor Checklist).

Administration of Pre- and Post-Instruction Questionnaires

All participants in the study were asked to complete a questionnaire before and after the debtor education class. However, administration of the questionnaires differed by type of curriculum.

- Academic and TEN instructors distributed an informed consent form and the pre-instruction questionnaire at the beginning of each class, asking the debtors to read and, if agreeable, sign the form and then complete and submit the questionnaire. At the end of each class, participating debtors completed and submitted the post-instruction questionnaire. Instructors then mailed the forms and questionnaires to Abt Associates. Participants did not put their names on the questionnaires; instead each participant's informed consent form (with his or her name and contact information) and the pre- and post-instruction questionnaires had a pre-printed unique number identifying the curriculum, class, and debtor.

- Debtors who participated in CCA's telephone classes were instructed to complete the pre-instruction questionnaire at home before the conference call and to fill in the post-instruction questionnaire after the call. CCA mailed both questionnaires to the participants before the class, and the participants mailed them back to CCA after the class.

Abt Associates' project staff trained the TEN instructors by telephone to administer the pre- and post-instruction questionnaires (see appendix F for the training protocol). Staff from Abt Associates also trained a staff member from Education Development Center (EDC), the developer of the new curriculum (see chapter one), to administer the questionnaires. The EDC staff member then trained the academic provider instructors to administer the questionnaires at the same time that she trained them to deliver the EDC curriculum.

Administration of the Three-Month Follow-Up Questionnaire

Three months after they participated in the debtor education classes, Abt Associates administered the follow-up questionnaire to debtors who had attended the academic provider and TEN classes and had consented to participate in the study. Trained interviewers from Abt Associates' Survey Department administered the questionnaire by telephone.

Recruitment and Retention of Debtors

Based on our power calculations (see appendix G) and our projections for the number of debtors who would enroll in debtor education classes during the study enrollment period (April 1, 2006 - December 30, 2006), we established goals for the number of debtors who would complete the pre- and post-instruction questionnaires and follow-up interviews.

Achievement of Sample Size Goals by Curriculum and District for the Pre-Instruction and Post-Instruction Questionnaires

During the enrollment period, ***we received 2,949 completed pre- and post-instruction questionnaires from debtors who participated in academic provider, TEN, and CCA classes in the six districts (see exhibit 2-3)***.[1] ***This represents 123 percent of our original overall goal of 2,400 completed questionnaires for all three curriculums combined.***

Seventy-seven percent of the 1,246 debtors who participated in academic provider classes completed the pre-and post-instruction questionnaires, and 68 percent of the 2,175 debtors who participated in TEN classes completed the pre- and post-instruction questionnaires.

We sought to recruit 1,800 debtors attending academic provider classes and 300 debtors each participating in TEN and CCA classes. In the academic provider sites, we achieved 54 percent of this goal of 1,800 completed questionnaires. We achieved 491 percent and 171 percent of our goals for the TEN and CCA sites, respectively (see exhibit 2-3).

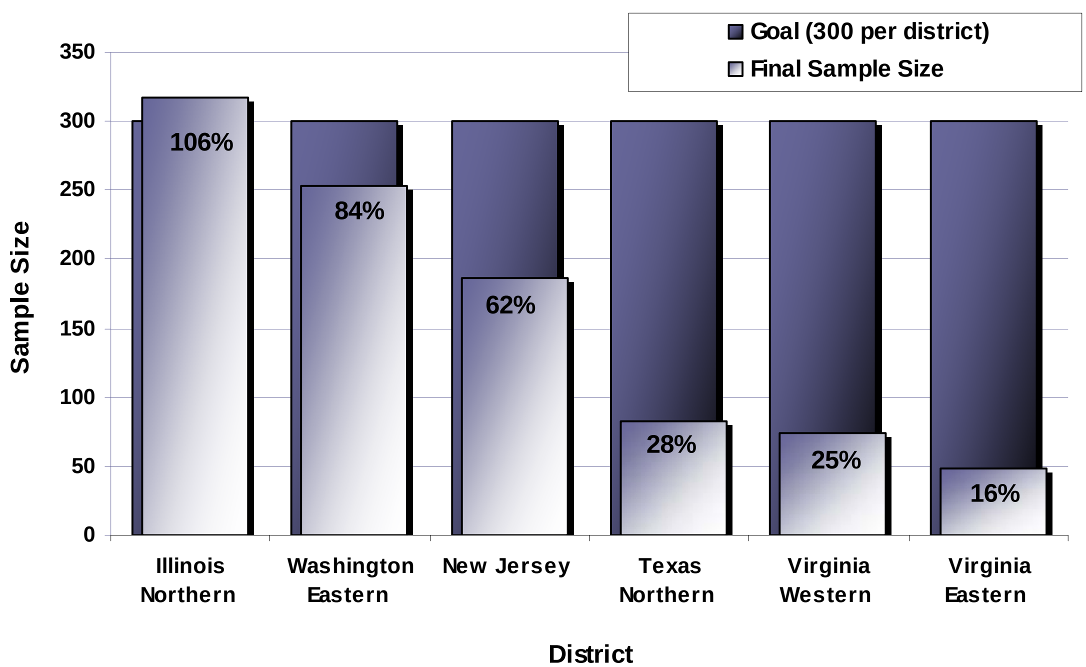
1 No TEN classes participated in the study in one district—the Washington Eastern District.

Exhibit 2-3 Sample Size Goals Compared With Final Sample Size by Curriculum for Pre- and Post-Instruction Questionnaires

Curriculum	Sample Size Goal	Final Sample Size	% of Goal Achieved
EDC (classroom)	1,800	963	54%
TEN (classroom)	300	1,474	491%
CCA (by telephone)	300	512	171%
Total	**2,400**	**2,949**	**123%**

The enrollment goals called for us to recruit a certain number of participants by curriculum in each of the six districts. Our goal for debtors attending academic provider classes, where they were taught the EDC curriculum, was 300 per district. However, the number of questionnaires completed by debtors participating in academic provider classes varied by district (see exhibit 2-4). For debtors participating in academic provider classes in the Northern Illinois district, we exceeded the goal of 300 completed questionnaires (106 percent of goal achieved), came close to this goal in Eastern Washington (84 percent), and attained only 60 percent of this goal in New Jersey and less than 28 percent in Northern Texas, Eastern Virginia, and Western Virginia. By contrast, we exceeded our goal of 60 completed questionnaires from TEN classes, achieving between 102 and 1,313 percent of the goal depending on the district (data not shown). In its telephone classes, CCA obtained many more than our goal of 50 completed questionnaires in Northern Illinois and New Jersey and somewhat more than 50 in Northern Texas. In both Virginia districts, CCA came close to 50 respondents (88 percent and 86 percent). We received 23 CCA questionnaires in the Eastern Washington.

Exhibit 2-4 Percentage of Sample Size Goal Achieved for Pre- and Post-Instruction Questionnaires by District for the EDC Curriculum



Achievement of Sample Size Goals by Curriculum and District for Follow-Up Interviews

As noted above, our goal was to obtain completed pre- and post-instruction questionnaires from 2,400 debtors among all three curriculums. Our goal was then to complete three-month follow-up questionnaires with 1,050 of these 2,400 participants. However, 2,949 individuals completed the pre-and post-instruction questionnaires. ***We completed follow-up interviews with 1,314 of these 2,949 debtors, or 125 percent of our goal of completing 1,050 follow-up interviews.***[2]

Follow-up interviews were attempted with 2,197 participants for a response rate of 60 percent. (See chapter three for further information.)

The number and proportion of completed follow-up questionnaires varied significantly by curriculum (see exhibit 2-5). Our goal was to secure 900 completed follow-up interviews from debtors who attended academic provider classes, but, despite multiple efforts to contact these individuals (see the box "Call-Back Procedures for Maximizing Response Rates" on the following page), we achieved only 60 percent of this goal. By contrast, our goal was to conduct 150 follow-up interviews with TEN participants, and we exceeded that goal by 417 percent.

Exhibit 2-5 Sample Size Goals Versus Final Sample Size by Curriculum for Follow-up Interviews

Curriculum	Sample Size Goal	Final Sample Size	% of Goal Achieved
EDC	900	538	60%
TEN	150	776	517%
Total	**1,050**	**1,314**	**125%**

As with the pre- and post-instruction questionnaires, the number of completed follow-up interviews in relation to our goals for each district varied. As with the pre- and post-instruction questionnaire, for academic provider classes in the Northern Illinois district we exceeded our goal of 150 completed interviews per district (125 percent of goal achieved), came close to this goal in Eastern Washington (89 percent), and achieved only 65 percent of this goal in New Jersey and less than 39 percent in Northern Texas, Eastern Virginia, and Western Virginia (see exhibit 2-6).

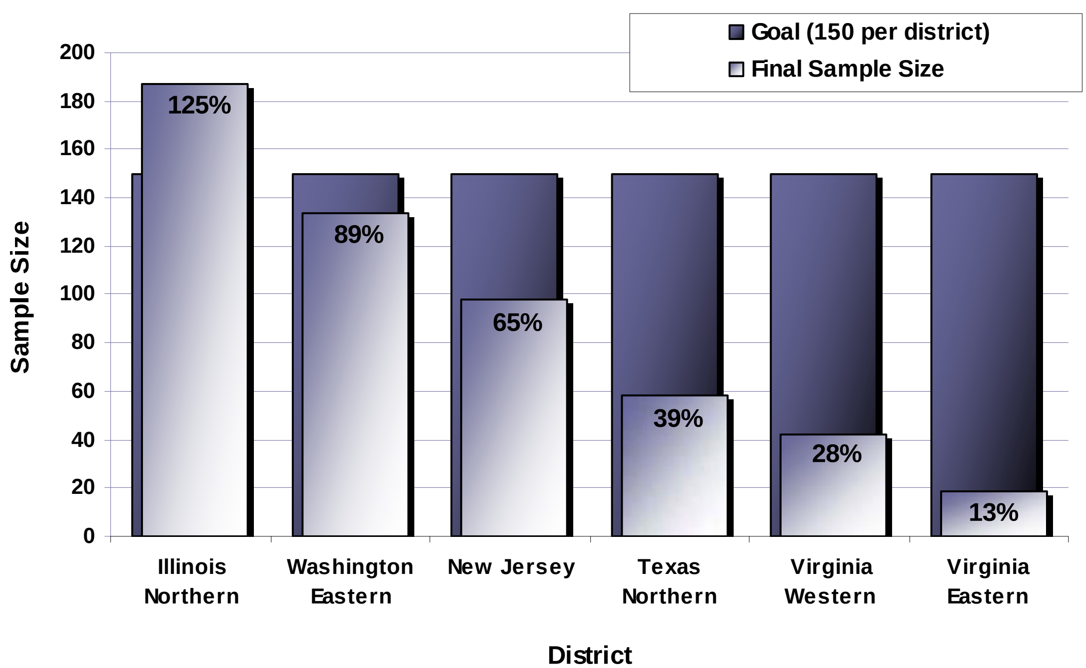
2 The study does not include follow-up findings from CCA's classes. CCA's telephone sample was not included in the original study design and, by the time EOUST approached CCA to request use of its telephone survey results, CCA was unable to provide three-month follow-up data because it had begun its own internal study, which was designed to follow up with its phone participants *six* months after the debtor education class.

Call-Back Procedures for Maximizing Response Rates

To maximize response at the three-month follow-up interviews, as part of their written consent to participate in the study we asked debtors before each class to provide a primary and a secondary telephone number at which they could be reached, as well as the telephone number of a friend or relative who would know how to reach them in case we lost touch with them. Interviewers called each of the telephone numbers provided until the debtor was either successfully contacted and interviewed or some other final disposition was achieved (e.g., debtor refused to participate, reaching the debtor proved impossible).

If a telephone number as provided turned out to be incomplete (e.g., missing a digit) or non-working, interviewers used directory assistance for the name and the street address the debtor had provided, as well as for the surrounding geographic area, to try to find working numbers for the individual. Interviewers also pursued and attempted any new or alternative contact numbers provided by friends or relatives. The interviewers made over 13,200 dialings to complete the three-month follow-up interviews.

Exhibit 2-6. Percentage of Sample Size Goal Achieved for Follow-up Interviews by District for the EDC Curriculum



Our goal was to complete 30 interviews per district from TEN classes. We achieved between 113 and 1,303 percent of the goal in every district (data not shown).

Explanations for Not Achieving Target Goals

We did not achieve our sample size goals in some districts and, most importantly, for academic provider classes totaled across the six districts. There were two principal reasons for this failure:

1. ***Small class sizes.*** Academic providers tended to have smaller class sizes than originally anticipated, with an average of only 13 debtors per class. In comparison, an average of 18 people attended each TEN class. (Because CCA's classes included in the study were conducted by telephone, they are not comparable.)

> Nearly one-third of all academic classes were cancelled during the study enrollment period because of low enrollments.

2. ***Numerous class cancellations.*** Nearly one-third of the academic provider classes we intended to include in the study were cancelled because of low enrollment. Two-thirds of all the cancelled classes involved an academic provider.

Despite these study limitations, as noted in chapter one we were able to answer the research questions of whether participants were satisfied with the curriculums, had more information about sound financial practices after the class than they had before the class, and reported they had plans to follow these practices.

Debtor Characteristics

Below, we summarize the demographic characteristics of debtors who completed the pre- and post-instruction questionnaires, as well as the bankruptcy chapter they filed under and their explanations for filing.

Demographic Characteristics

Exhibit 2-7 and the text that follows present demographic characteristics of participating debtors reported on the post-instruction questionnaire. We also identify statistically significant differences ($p < .05$) in characteristics among participants by the curriculum they were taught.

Most debtors (56 percent) were between the ages of 36 and 55. However, debtors who attended academic provider or TEN classes tended to be younger than debtors who took CCA's classes: Only 21 percent and 18 percent of debtors in academic provider and TEN classes, respectively, were over 56 years of age, compared with almost 30 percent of CCA's debtors.

Exhibit 2-7. Demographic Characteristics of Debtors in the Study by Curriculum

	EDC (n=963*) %	TEN (n=1,474*) %	CCA (n=512*) %
Age**			
Under 26	5	2	6
26-35	22	17	20
36-55	52	63	44
56-65	12	15	18
Over 65	9	3	12
Gender			
Female	60	55	62
Male	40	45	38
Marital Status			
Married	42	61	40
Divorced/Separated	27	22	30
Widowed	5	3	7
Single/Never Married	26	14	23
Race**			
Caucasian/White	53	51	60
African American/Black	36	37	27
Other	11	12	13
Hispanic Origin			
Hispanic/Latino	11	15	10
Education**			
Less than High School	7	6	12
High School (or GED)	31	32	37
Some College	42	44	38
College or Graduate Degree	20	20	13
Current Employment Status**			
Working Full Time	61	78	53
Working Part Time	11	7	12
Not Currently Working	28	15	36
Household Income (All Sources of Income)**			
$0 (not working)	9	3	12
$1-20,000	23	9	29
$20,001-$40,000	44	30	40
$40,001-$80,000	21	46	19
Over $80,000	3	12	1

* Not all study participants responded to all of the demographic items—the number of participants who failed to answer various items ranged from 32 (1 percent) to 743 (25 percent).
** Two-tailed chi-square test, $p<.05$.

Debtor Characteristics by Type of Curriculum
• TEN participants were more often fully employed and had higher incomes than academic provider and CCA debtors. • More African-American participants attended TEN and academic provider classes than attended CCA classes. • Academic and TEN participants tended to be younger and more educated than were CCA debtors.

For all three curriculums, most debtors in the study were female (58 percent) and about half were married (51 percent). The majority of debtors indicated that they were white (53 percent). Academic provider (EDC) and TEN classes had more African-American participants (36 and 37 percent, respectively) than did CCA classes (27 percent). Across all three curriculums, 13 percent of debtors indicated that they were Hispanic.

Most debtors across all curriculums had at least a high school education or GED (93 percent), and 42 percent had some college education (or "course work"). Debtors attending academic provider and TEN classes tended to be more educated than the debtors who attended CCA classes (less than 40 percent of academic provider and TEN participants had a high school education or less compared with almost 50 percent of CCA participants). Between 15 percent (TEN) and 36 percent (CCA) of debtors reported that they were not employed before the class. Differences among the providers are statistically significant.

Almost 60 percent of debtors reported that their household income was $40,000 or less, with more than one-third (36 percent) reporting an income of $20,001 to $40,000. Consistent with employment status, a higher percentage of TEN participants reported larger household incomes (58 percent had a household income of $40,000 or more) than did academic provider and CCA participants (24 percent and 20 percent, respectively).

In sum, ***debtors participating in academic provider, TEN, and CCA classes were very similar on a number of characteristics***. However:

- Academic and TEN participants were slightly younger and more educated than were CCA participants;

- Academic and TEN classes had more African-American participants than did CCA classes; and

- Academic and TEN debtors were more educated and more likely to be employed and to have higher incomes compared with debtors attending the CCA classes.

These statistically significant differences may be attributable to debtors self-selecting themselves into the three different types of debtor education programs. For example, academic providers (as well as TEN classes) may have been more appealing to some types of debtors (because their classes were free), whereas other types of debtors may have preferred to participate in CCA's classes (which, offered by telephone, may have been more convenient). In addition, because almost all TEN participants filed under chapter 13 compared with the vast majority of academic provider and CCA participants who filed under chapter 7 (see below), the TEN debtors were probably more likely to have had predictable and sufficient incomes to pay off their debts over a period of three to five years.

Bankruptcy Chapter That Debtors Filed Under and Reasons for Filing

The pre-instruction questionnaire asked participants whether they filed for bankruptcy under chapter 7 or 13 of the 1978 Bankruptcy Code and what caused them to file for bankruptcy.[3] Exhibits 2-8 and 2-9 summarize their responses by type of curriculum.

Exhibit 2-8 Bankruptcy Filers

Chapter 7 (48%)
- 92% of academic participants
- 92% of CCA participants

Chapter 13 (52%)
- 98% of TEN participants

About half of the debtors in the study filed under chapter 7 and half filed under chapter 13.[4] Almost all debtors in academic provider and CCA classes filed under chapter 7 (92 percent). Normally, only chapter 13 debtors enroll in TEN classes.[5] As a result, the 2 percent of TEN debtors in the study (26 out of 1,474 TEN participants) who reported they had filed for chapter 7 bankruptcy may have been mistaken about the chapter they filed under.

As shown in exhibit 2-9, the explanations participants reported for filing for bankruptcy varied by the type of curriculum they were taught:

- Academic provider and TEN participants were less likely to report filing for bankruptcy due to "loss of employment" (43 and 46 percent, respectively) than were CCA participants (54 percent).

- More academic provider participants (49 percent) reported "excessive use of credit" as a reason they filed for bankruptcy than did TEN (39 percent) and CCA (40 percent) participants.

- About half of TEN participants reported "late on mortgage payments/foreclosure on house" as a reason they filed for bankruptcy compared with fewer than one-sixth of academic provider and CCA participants. The TEN curriculum is offered to debtors who file under chapter 13—that is, individuals who have assets. TEN participants who reported "late on mortgage payments/foreclosures on

3 Participants were asked to check all applicable explanations from a list of 12 possible reasons for filing for bankruptcy (see exhibit 2-9).
4 This information was not provided by 116 debtors (4 percent).
5 TEN was established by the National Association of Chapter Thirteen Trustees to provide personal financial management education opportunities to debtors who have filed for bankruptcy under chapter 13 of title 11, United States Code.

house" as a reason they filed for bankruptcy may have chosen a Chapter 13 filing to prevent foreclosure. This is a common remedy under the code.

Exhibit 2-9 Reasons Debtors Provided for Filing Bankruptcy by Curriculum Type*

	EDC (n=728*) %	TEN (n=1,244*) %	CCA (n=496*) %
Loss of employment (unemployed, working fewer hours, or spouse out of a job)	43	46	54
Excessive use of credit	49	39	40
Health problems/medical bills	37	37	43
Late on mortgage payments/foreclosure on house	10	51	17
Car or other property was being repossessed	15	16	35
Divorce or other family problems	21	16	23
Use of payday loan, rent-to-own, title loan, or other very high interest loan(s)	12	16	12
A large unexpected expense	12	12	10
Death of a spouse, partner, or other family member	7	7	11
Excessive business expenses	8	6	10
Gambling, lottery, etc.	2	3	7
Other	19	15	19

* Respondents could check more than one response.
** Four hundred and eighty-one participants (16.3 percent) did not provide an explanation.

Instructors

Thirty-one instructors taught the debtor education classes included in the study—13 academic provider instructors, 8 TEN instructors, and 10 CCA instructors (see exhibit 2-10). As noted above, EDC trained the academic provider instructors to deliver its curriculum. All the academic provider instructors participating in the study confirmed on the instructor checklist (see exhibit 2-2 above) that they had received the training. TEN and CCA instructors used their own curriculums. On the instructor checklist, two TEN instructors indicated that they had not been trained to deliver the TEN curriculum. CCA instructors were not asked to complete the checklist.

Ten of the 15 instructors appeared from their résumés to have had relevant experience to teach the curriculums. Six of the 10 experienced instructors appeared to be highly or very experienced based on a combination of their academic credentials and extensive teaching experience. Three instructors appeared marginally experienced because their résumés identified no relevant education in the field and little, if any, experience teaching the subject. One instructor's résumé identified no relevant education and no previous teaching experience in the field. One instructor's experience teaching financial management could not be determined from the person's résumé. Chapter three and appendix H discuss in more detail the instructors' training and experience for teaching a financial management class.

Exhibit 2-10 Participating Instructors by District and Curriculum

	Number of Participating Instructors		
District	**EDC**	**TEN**	**CCA***
Illinois—Northern District	2	3	
New Jersey	2	1	
Texas—Northern District	2	2	
Virginia—Eastern District	3	1	
Virginia—Western District	3	1	
Washington State—Eastern District	1	Not offered	
Total:	**13**	**8**	**10**

* For the telephone course, CCA instructors could have been located anywhere in the country, since debtors who called in to take the course could have lived anywhere in the country.

Conclusion

Debtors were not randomly assigned to the classes taught by the three different providers. As a result, there were observable and probably unobservable differences in debtor characteristics across the three curriculums. These differences in debtors, in addition to the curriculums themselves or the instructors, may account for some of the variation we observed in the effects of the three curriculums on debtor knowledge and behavior that the following chapter presents.

Chapter Three: Effectiveness of the Curriculums

This chapter describes the effects on participants of participating in a debtor education class. It presents the evidence from questionnaires administered immediately after and three months after the class. The questionnaires sought answers to the following questions about the one new and two existing curriculums:

- Were debtors satisfied with the curriculums?
- Did debtor knowledge in the major areas addressed in the curriculums increase immediately after the class?
- Three months later, did debtors retain any increase in knowledge gained immediately after the class?
- Did the debtors' plans to follow sound financial management behaviors increase immediately after the class?
- Did debtors who planned to improve their financial practices act on these plans during the three months after the class?
- Did any changes in debtors' knowledge of and behavior related to sound financial practices vary by judicial district, curriculum, or debtor characteristics?

Analytic Approach

We measured debtors' satisfaction with the curriculum materials, the instructors, and the overall program immediately after each class by asking them to rate in writing each instructional feature as not helpful, somewhat helpful, helpful, and very helpful. This post-instruction questionnaire also provided the opportunity to write comments about the class. We measured changes in knowledge and behavior immediately after completion of each class and again three months later.

We measured knowledge using a battery of 10 true-false items and measured behavior using a list of 10 financial practices that debtors might follow or plan to follow. In each case, we looked at changes in responses between administrations of the questionnaires that debtors filled out immediately after the class and again three months later. For knowledge items, we computed gain scores for each item (the difference between the post-instruction questionnaire and the pre-instruction questionnaire). Because answers on the pre- and post-instruction questionnaires were highly correlated, ***these gain scores allowed us to measure relatively small changes in knowledge with considerable precision***.

Appendix G discusses the statistical power associated with a test of whether knowledge of a single true-false item increased on the post-instruction questionnaire. Statistical power is the probability that an effect will be detected as significant if it actually occurred. If four or more percent of the debtors who were taught the TEN or Education Development Center (EDC) curriculum showed a knowledge gain, we had at least an 80 percent chance of detecting the gain and identifying it as statistically significant using a one-tailed level .05 test. Because the number of debtors who participated in the telephone classes of the third provider, Credit Counseling Agency (CCA), was smaller, the test had an 80 percent chance of detecting an increase of 5.5 percent of the debtors.

Debtors who took the post-instruction questionnaire were exposed to the knowledge content twice: once by the pre-instruction questionnaire and again by the instructor. This measurement process might have affected debtors' learning—that is, some debtors might have gotten correct answers on the post-instruction questionnaire because, having seen the questions on the pre-instruction questionnaire, they paid particular attention when the instructor addressed these issues. As a result, we built a test of measurement effects into our design. For a random subsample of 1,236 debtors, we omitted four of the knowledge questions from the pre-instruction questionnaire. We compared the post-instruction scores of these debtors on these items with the post-instruction scores of debtors who had seen the items on the pre-instruction questionnaire. Based on this comparison we estimated that any bias, if it existed, was less than 1 percent of the mean number of correct answers.[6] This suggests that the fact of being tested had no material effect on our measured gain scores and that any differences found between the pre-instruction and the post-instruction questionnaires could be attributed to learning in the classroom.

Of the 2,436 debtors who consented to participate in the three-month follow-up interview, we attempted to interview 2,197.[7] We were unable to locate 31 percent of the debtors, usually because their telephone numbers were no longer valid. Seven percent of the debtors we contacted refused to participate, and another 3 percent were not interviewed because of language barriers, impairments, or other causes. All told, 90 percent of debtors we contacted completed the three-month follow-up interview. We do not specifically know why the debtors who could not be located lost their telephone numbers. In particular, we cannot rule out the possibility that they experienced worse financial outcomes than those included in the analysis, and it is possible that this in turn was related to what they learned in the class. However, we found no indication in the data that non-responders were different in either knowledge or financial practices from debtors who completed the follow-up interview.[8]

The debtors in this study are not a random sample of debtors in the Nation. EOUST did not randomly select the districts and providers that participated in the study (see chapter

[6] The 95 percent upper confidence limit for the estimated bias is .01. This means that the testing process overstated the number of debtors who learned the correct answer by between zero and 1 percent.

[7] We excluded a few debtors who completed the class after November 1, 2006, in order to complete the interviews on schedule.

[8] See appendix G for a detailed analysis of non-response. We found that Hispanic debtors were underrepresented in the three-month interview data but not in sufficient numbers to affect the conclusions of the study.

one). As a result, we cannot be sure that these results would be replicated in the remaining districts in the Nation. We do know that these districts varied from each other. This district variation provides a lower limit on the uncertainty involved in generalizing these results to the entire country. All our significance tests take this variation into account. We calculated the variance as though the data came from a two-stage cluster sample in which districts were the primary sampling unit and debtors were sampled within district. This means that our confidence intervals address the question, "What would happen if the pilot program were extended to other districts similar to these six?"

The districts in this study range from large (the Northern District of Illinois terminated more than 56,000 cases in FY 2006) to small (the Western District of Virginia terminated fewer than 10,000 cases). The larger districts generally contributed more debtors to the study than the smaller districts did, but we made no attempt to select debtors in proportion to district size, nor did we weight responses. To test the sensitivity of our results to the different numbers of debtors in each district, we recomputed a few key statistics giving each district equal weight. The recompilations resulted in no discernable differences in our findings.

Participating Debtors' Satisfaction with the Curriculums

Debtors taught all three curriculums overwhelmingly reported being satisfied with the debtor education class. Two items on the post-instruction questionnaire measured debtor satisfaction with the debtor education curriculum they were taught:

- Debtors were asked to indicate on a four-point scale the extent to which they agreed (from strongly agree to strongly disagree) with the following item: "As a result of participating in this education program, I feel my overall ability to manage my finances has improved."

- Debtors were also asked whether they would recommend the program to others.

As exhibit 3-1 shows, across all three curriculums approximately 97 percent of debtors agreed or agreed strongly that their overall ability to manage their finances had improved as a result of attending the class. Furthermore, 97 percent of participants indicated they would recommend the program others. There were no significant differences in satisfaction with the class among providers—and, therefore, curriculums.

Many debtors clarified their satisfaction with the program in response to two open-ended questions on the post-instruction questionnaire:

(1) *What did you like most about this program?* Of the nearly 70 percent of participants (2,063) who responded to this question:

  - 20 percent mentioned "informative" or "the information";
  - 18 percent singled out the instructor by name or position; and
  - 10 percent mentioned handouts, videos, booklets, and other materials.

(2) *How could this program be improved?* Less than half of the participants (45 percent) answered this question. The most frequent response was from 10 percent of these debtors who wrote words to the effect that nothing needed to be changed.

Exhibit 3-1 Participants' Satisfaction with their Debtor Education

	EDC %	TEN %	CCA %
Overall ability to manage finances has improved*	**(n=951)**	**(n=1,441)**	**(n=509)**
Strongly agree	46	41	49
Agree	50	56	50
Disagree	3	2	1
Strongly disagree	1	1	0
Would recommend program to others**	**(n=726)**	**(n=1,203)**	**(n=508)**
Yes	99	98	94
No	1	2	6

*48 participants (2 percent) did not respond to this question.
**512 participants (17 percent) did not respond to this question.

Knowledge

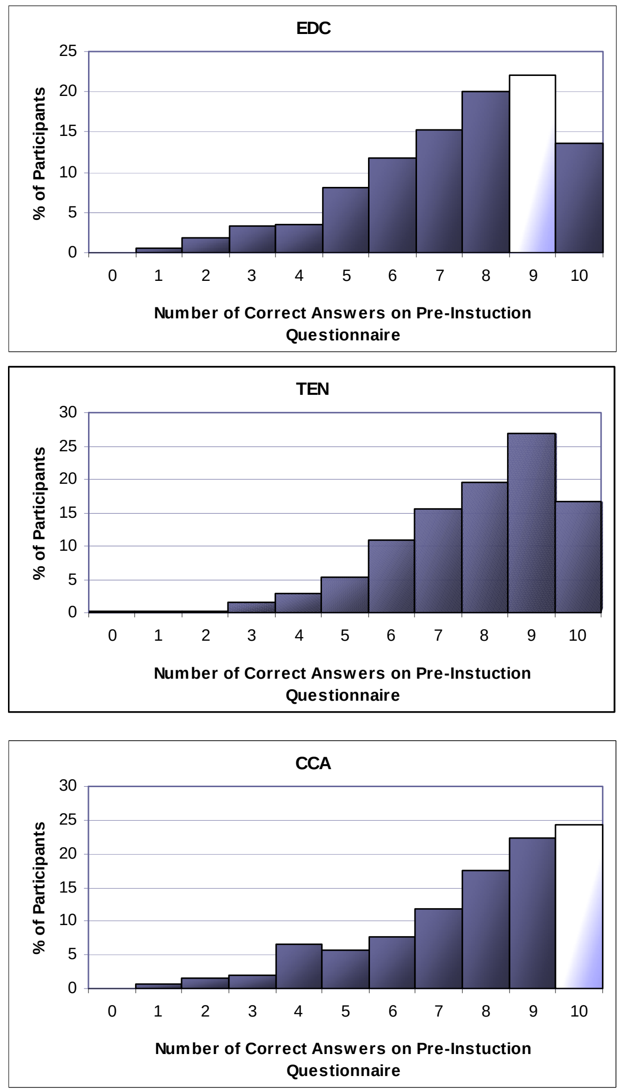
We tested debtors' knowledge of the financial concepts taught in the curriculums by asking them to identify 10 statements as either true or false. We asked them to guess if they were not sure of the correct answer. On such a test, a respondent who was guessing would have a 50 percent chance of answering any given item correctly. Suppose that 50 percent of respondents answered correctly. How many would we say *knew* the answer? Fifty percent is too high, unless we believe that every person who guessed was unlucky enough to guess wrong. It is almost certain that at least some of the people who guessed got the right answer. With a true-false test, assuming that debtors either knew the answer or guessed at random, we would expect that the number of people who guessed the right answer to be about equal to the number who guessed the wrong answer.[9]

Thus, the expected number of correct responses is the number of debtors who knew the answer plus half the number who guessed. We can estimate the number who knew the answer by subtracting one-half the number of debtors who were guessing from the number who answered correctly. This is the equivalent of subtracting the number of

[9] The assumption that a guess has a 50 percent chance of being correct depends on the respondent having exactly no information about the question. If skilled test-takers use verbal clues to improve their guesses, the probability of a wrong answer may be less than 50 percent, slightly overestimating the number of people who actually know the answer.

incorrect answers (i.e., one-half of those who guessed) from the number of correct answers. Thus, if 50 percent of debtors answered an item correctly, we would infer that all of them were guessing and that zero percent actually knew the answer. If 75 percent answered correctly, we would assume that the remaining 25 percent guessed wrong and that another 25 percent guessed correctly, so our estimate would be that 50 percent of debtors actually knew the answer.[10]

Exhibit 3-2 Number of Correct Answers on Pre-Instruction Questionnaire, by Curriculum*



*Based on 398 debtors taught the EDC curriculum, 609 debtors taught the TEN curriculum, and 510 debtors taught the CCA curriculum responding to the 10-item pre-instruction questionnaire.

Many debtors already knew nearly all of the answers to the knowledge questions before the class. Exhibit 3-2 shows the distribution of combined scores on the 10-item pre-instruction questionnaire. Between 36 percent (taught the EDC curriculum) and 47 percent (taught the CCA curriculum) gave the correct answers to at least 9 of the 10 questions on the questionnaire.

Each debtor education class lasted about two hours, while the knowledge section of the pre-instruction questionnaire could be completed in about five minutes. Obviously, much of the information that was presented in the classes was not covered by the pre-instruction questionnaire; the items on the pre-instruction questionnaire were intended to represent only a sample of each curriculum's content. If the items fairly represent the level of difficulty of each curriculum, between one-third and one-half of the debtors could show gains of at most one knowledge item as a result of the class. Since the item most commonly missed (see below) was addressed only in CCA's curriculum, many debtors taught the EDC and TEN curriculums had no room for improvement.

10 If y = the number of observed correct answers, and x = those who knew the correct answer (and were not guessing), then $y = x + ½ (1-x)$, so $x = (y – ½) / ½$.

Only a few topics were new to most debtors. Some pre-instruction items were more difficult than others. Exhibit 3-3 shows the percentage of debtors who gave the correct answers to each of the 10 knowledge items on the pre-instruction questionnaire. Eighty-five percent or more of the debtors taught the EDC and TEN curriculums knew the answers to 4 of the 10 items. Only the first-listed item in exhibit 3-3 (about the formula used to compute credit scores) was answered correctly by fewer than 75 percent of the debtors in the classes. (The correct answer is false.) While this topic was not included in the TEN curriculum, the percentage of correct answers on this question did not differ significantly among the three curriculums. Several of the other differences among debtors taught the different curriculums are statistically significant (identified by an asterisk in exhibit 3-3). Overall, debtors taught the EDC curriculum by the academic providers were slightly less likely to provide correct answers than debtors taught either the TEN or CCA curriculums. Since this test was administered before the class, this difference can be attributed only to differences in the kinds of debtors who chose each type of class.

The class increased knowledge slightly in most areas. More debtors were able to give correct answers to most of the knowledge questions after the class than had answered correctly on the pre-instruction questionnaire. These gains represented small percentages of debtors, ranging from zero to 15 percent (see exhibit 3-4). Because some debtors guessed correctly on the pre-instruction questionnaire, these gains may understate actual learning by as much as a factor of two. For more than half the questions, fewer than 4 percent of debtors showed evidence of learning. Although these gains are small, most (identified by an asterisk in exhibit 3-4) are statistically significant at the 5 percent level, meaning that our sample sizes were large enough to make it unlikely that the gains occurred by chance.

Two of the items on which debtors taught the EDC curriculum showed no learning (calculating credit scores and credit ratings' effects on employment) were not addressed in the EDC curriculum. The TEN curriculum did not mention either deductibles or the formula for calculating credit scores. However, TEN debtors showed slight (3 percent) improvement on one of these questions (insurance) but not on the other (credit scores).

The debtors' gains in knowledge from immediately before the class to immediately after the class could be small for four reasons:

(1) Instruction may have been ineffective for debtors who came to class without knowledge of the subjects being taught.

(2) Because many debtors already knew the information being taught, there was little room for improvement.

(3) Most of the few debtors who did not already know the material did not learn it from the class.

Exhibit 3-3 Debtors' Prior Knowledge of Curriculum Content,[a] by Curriculum Taught

Knowledge Question	Debtors Who Responded Correctly		
	EDC	TEN	CCA
Approximately 10% of an individual's credit score is determined by their payment history.	52%	56%	56%
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	71%	72%	71%
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.*	71%	77%	76%
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	74%	79%	74%
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.*	76%	78%	81%
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.*	75%	82%	82%
Credit reports contain information on past employers, race, and medical history.	88%	87%	80%
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.*	90%	91%	83%
A need is something that is unnecessary but desired, and a want is something that is a necessity.*	87%	91%	90%
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.*	88%	92%	89%
Number of debtors [b]	*952*	*1,463*	*510*

[a] Shaded areas represent questions not addressed by the associated curriculum.
[b] For four questions, the number of respondents is smaller than what the exhibit indicates because selected questions were omitted from some questionnaires to test for measurement effects.
* Providers differ significantly ($p < .05$).

Exhibit 3-4 Knowledge Gain Immediately After Instruction, by Curriculum[a] and Question

Knowledge Question	Increase in Percentage of Correct Answers Immediately After Instruction		
	EDC	TEN	CCA
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	15%*	6%*	5%*
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	6%*	3%*	4%*
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	10%*	3%*	3%*
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	0%	4%*	8%*
Credit reports contain information on past employers, race, and medical history.	-5%	-5%	7%*
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	9%*	7%*	8%*
A need is something that is unnecessary but desired, and a want is something that is a necessity.	0%	-1%	-1%
Approximately 10% of an individual's credit score is determined by their payment history.	-2%	-3%	13%*
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	2%	5%*	2%*
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	13%*	3%*	0%
Number of debtors[b]	*952*	*1,463*	*510*

[a] Shaded areas represent topics not addressed by the associated curriculum.
[b] For some questions, the number of respondents is smaller than for the other questions because selected questions were omitted from four pre-instruction questionnaires to test for measurement effects.
* Indicates score on post-instruction questionnaire was significantly better than on the pre-instruction questionnaire (level .05 one-tailed test)

(4) Measurement bias could have understated the number of debtors who learned by as much as a factor of two. The number of correct answers on an item includes both those debtors who knew the answer and those who guessed the correct answer. If those debtors who guessed when they first saw the question randomly invented a new guess when they saw the second question, both the pre-instruction score and the post-instruction score would overstate the number of debtors who knew the answer. Since we do not know whether debtors formulated new random guesses when they did not know the answer, we did not attempt to adjust our results for this possible bias.

To distinguish further among these reasons, we looked more closely at debtors who did not already know the answers to the questions. Exhibit 3-3 (above) provides an estimate of the number of debtors who did not know the answers before the class. Exhibit 3-4 (above) estimates the number of debtors who learned the answers as a result of the class. Exhibit 3-5 shows the number of debtors who learned the correct answers (exhibit 3-3) as a percentage of the debtors who still did not know the correct answers (exhibit 3-4). For example, about half the debtors taught the EDC curriculum knew that a debt-to-income ratio of more than 20 percent might indicate excessive borrowing (exhibit 3-3). We estimate that 15 percent of debtors learned the answer to this question (exhibit 3-4). This means that about 30 percent of debtors who did not know the answer learned it from the class.[11] This is the highest number in the exhibit. ***This means that fewer than half of the debtors who did not know a fact before the class learned it during the class.*** Most numbers in the exhibit are less than 20 percent, indicating that four out of five debtors who did not know the answer to a question before the class were not going to learn it during the class.

Retention of Knowledge

Three months after the debtor education class, debtors who had answered knowledge questions incorrectly on the pre-instruction questionnaire but correctly on the post-instruction questionnaire continued to show evidence of learning. Exhibit 3-6 is based on the debtors who learned the answer to questions during the class, that is, those debtors who answered incorrectly on the pre-instruction questionnaire but correctly on the post-instruction questionnaire. The exhibit shows the percentage of these debtors who continued to answer correctly three months after completing the debtor education class. On most of the items where knowledge gains were evident immediately after the class, substantially more than half of the debtors continued to give correct responses three months later.

[11] Numbers in the tables are based on more decimal places than are shown and are independently rounded. As a result, readers may not be able to reproduce every number exactly.

Exhibit 3-5 Learning by Debtors Who Did Not Already Know the Answer, by Curriculum

Knowledge Question	Debtors Who Learned the Answer, as a Percentage of Debtors Who Did Not Know the Answer Before the Class [a]		
	EDC	TEN	CCA
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	31%	14%	13%
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	24%	18%	18%
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.[c]	20%	8%	8%
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.[c]	b	21%	23%
Credit reports contain information on past employers, race, and medical history.	b	b	18%
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	17%	17%	15%
A need is something that is unnecessary but desired, and a want is something that is a necessity.	b	b	b
Approximately 10% of an individual's credit score is determined by their payment history.[c]	b	b	15%
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	b	9%	3%
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	22%	7%	b
Number of debtors [c]	*952*	*1,463*	*510*

[a] Shaded areas represent topics not addressed by the associated curriculum.
[b] Gain in knowledge was not statistically significant.
[c] For some questions, the number of respondents is smaller than indicated because selected questions were omitted from some questionnaires to test for measurement effects.

Exhibit 3-6 Debtor Knowledge Three Months After Instruction for Debtors Who Answered Incorrectly Before the Class but Answered Correctly Immediately After the Class, by Curriculum[a]

Knowledge Question	Percentage of Correct Answers at Three-Month Follow-up for Debtors Who Learned the Answer During Class	
	EDC[b]	**TEN[b]**
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	72%*	82%*
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	83%*	79%*
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	66%*	72%*
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	69%*	78%*
Credit reports contain information on past employers, race, and medical history.	55%	75%
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	39%	42%
A need is something that is unnecessary but desired, and a want is something that is a necessity.	70%*	69%
Approximately 10% of an individual's credit score is determined by their payment history.	29%	34%
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	73%*	71%*
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	39%	41%

* Indicates response significantly better than guessing (level .05 one-tailed test).
[a] CCA participants were not included in the three-month follow-up.
[b] See appendix G for the number of cases in each cell.

Financial Practices

Immediately before the debtor education class began, we asked participants 10 questions about financial practices that the curriculums sought to encourage. Debtors could respond that they were already following the practice, that they planned to follow the practice sooner or later, or that they had no plans to follow the practice. As shown in exhibit 3-7, most debtors reported they already compared prices before making purchases. In addition, about half the debtors said they had already learned how to re-establish credit, paid bills on time each month, reduced impulse spending, and reviewed their bills each month for accuracy.

All the debtors had completed a pre-filing counseling session previously that may have discussed many of these issues. In addition, the experiences surrounding the filing of a bankruptcy petition may have taught powerful lessons on the consequences of financial mismanagement.

Other behaviors occurred less frequently. Nearly all debtors who did not say they were following a financial practice expressed plans to begin to follow it, either in the next month or in the next six months.

Exhibit 3-7 Percentage of Debtors Reporting They Followed Specified Financial Practices Before Participating in the Debtor Education Class, by Curriculum

Financial Practice	Percentage of Debtors Following Specified Financial Practices[a]		
	EDC	TEN	CCA
Compare prices before making purchases	68	62	57
Learn how to re-establish credit	60	51	56
Pay bills on time each month	55	54	56
Reduce impulse spending and cut unnecessary expenses	52	53	55
Review bills each month for accuracy	57	41	51
Review income and expenses before making a large purchase	39	35	34
Save money regularly	34	29	34
Search for more favorable credit terms as credit standing improves	26	23	21
Set short and long-term financial goals	26	22	24
Use a spending plan to track income and expenses	22	19	18
Number of cases	962	1,474	510

[a] Shaded areas represent questions not addressed in the associated curriculum.

With two exceptions, nearly all debtors who were not currently practicing one of these behaviors said they planned to begin practicing the behavior some time in the next six months. (Fourteen percent of all debtors said they had no plans to search for more favorable credit terms as their credit standing improved, and 8 percent did not plan to learn how to re-establish credit.) Differences among curriculums were not statistically significant.[12]

We asked the same questions again immediately after the class. Exhibit 3-8 shows an example of the responses to one such question. (The other questions and the debtors' responses to them are presented in appendix I.) After the class, 45 to 53 percent of debtors reported they planned to search for more favorable credit terms compared with 36 to 39 percent of debtors who reported before the class that they planning to do so. The number of debtors who planned to defer such a search beyond the next month decreased after the class, as did the number of debtors who reported they had no plans for conducting such a search.

By comparing the distributions of responses before and after the class, we can infer that some debtors changed their plans. However, the data in exhibit 3-8 cannot explain how many debtors changed plans because, while some debtors moved into a planning category, other debtors moved out of it. Overall, 35 to 38 percent of debtors gave different responses to this question after the class than they had given before the class (exhibit 3-9).

About one-quarter to one-third of debtors gave different answers to these questions after completing the class (exhibit 3-9). Not all of these changes were in the same direction, however. For example, 71 debtors who had planned to look for more favorable credit terms dropped these plans after completing the class. (Appendix I provides a complete tabulation of all changes in reported plans.)

Exhibit 3-8 Debtors' Plans to Search for More Favorable Credit Terms Before and After the Class, by Curriculum

Plan to search for more favorable credit terms as credit standing improves	Do Not Plan to Do	Plan to do in the next		Have been doing for		Total
		Month	2 to 6 Months	1-6 Months	More Than 6 Months	
Academic (EDC)						
Before Instruction	13	36	30	11	11	100
After Instruction	8	51	21	10	10	100
TEN						
Before Instruction	14	39	27	10	10	100
After Instruction	10	53	18	10	9	100
CCA						
Before Instruction	14	39	29	10	8	100
After Instruction	9	45	29	9	7	100

12 Chi square level .05 tests, adjusted for clustering by pilot districts.

Exhibit 3-9 Percentage of Debtors Who Immediately After the Class Changed Their Answers About Adopting Financial Practices, by Curriculum

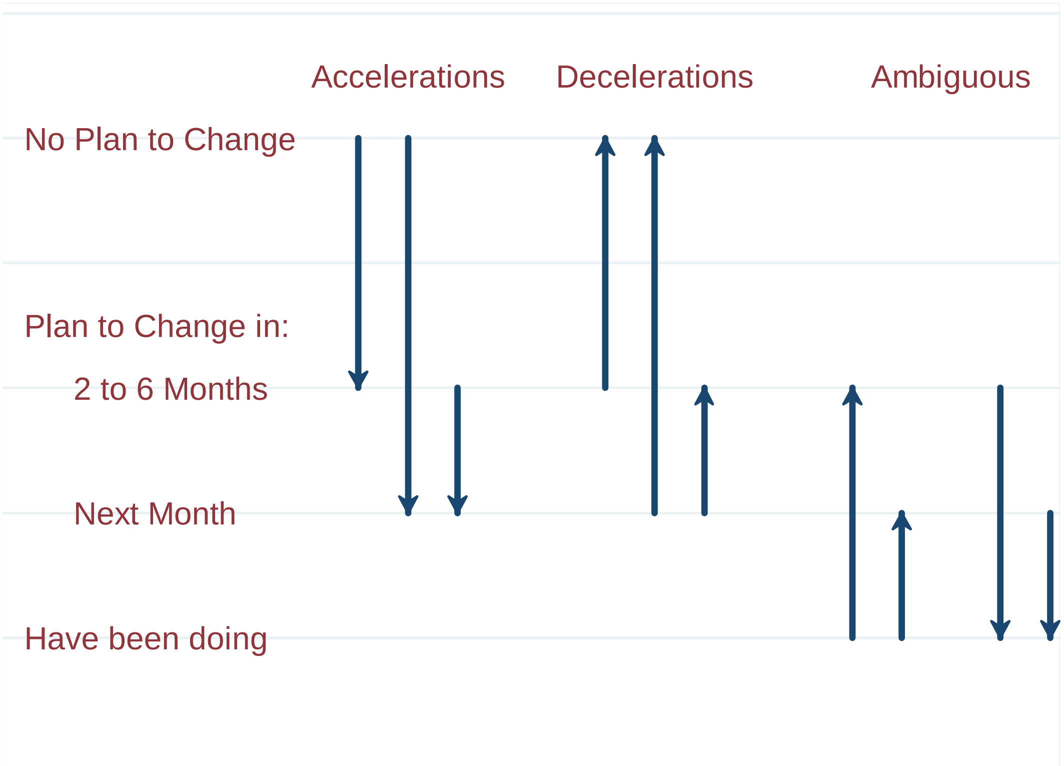
Financial Practice	Percentage of Debtors Who Changed Their Answer After Class [a]		
	EDC	TEN	CCA
Search for more favorable credit terms as credit standing improves	38	39	35
Set short and long-term financial goals	34	33	38
Learn how to re-establish credit	33	34	34
Save money regularly	34	32	36
Use a spending plan to track income and expenses	34	32	32
Review income and expenses before making a large purchase	27	27	25
Reduce impulse spending and cut unnecessary expenses	28	27	26
Compare prices before making purchases	24	23	30
Review bills each month for accuracy	24	22	22
Pay bills on time each month	24	21	25
Number of cases	962	1,474	510

[a] Shaded areas represent questions not addressed in the associated curriculum.

To examine the changes in more detail, we summarized the differences in debtors' pre-instruction and post-instruction responses into the groups shown in exhibit 3-10. The first three arrows show accelerations. Debtors who entered the class with no plan to change but left it with a plan to change are shown in the first two acceleration arrows. Debtors who entered the class planning to change in 2 to 6 months but left reporting they planned to change next month are shown in the third arrows. The next three arrows show the reverse transitions, which we call decelerations.[13]

[13] In this report, the terms "acceleration" and "deceleration" refer to directions; they do not represent normative judgments.

Exhibit 3-10 Categorization of Behavioral Transitions



Some debtors reported changes that could not be classified clearly as either accelerations or decelerations. Four of these changes are shown in exhibit 30-10 under the heading "ambiguous." As shown, some debtors entered the class saying they had been following a financial practice but left saying they planned to follow it (represented by the two arrows pointing upward). Other debtors reported the reverse transition (represented by the two arrows pointing downward). These changes could reflect several possible conditions, including:

1. During the class, debtors gained a fuller understanding of the practice, realized that they had not satisfactorily completed it, and formulated a plan to do it again based on their new view of what the practice actually entailed.

2. The debtors had in fact followed the practice before the class and planned (before the class) to do it again or to keep on doing it. The questionnaires asked for the response that "best described" their status. Both responses were true both before and after the class, but debtors changed their response about which one "better" described their relationship to the practice.

3. A few debtors may have inadvertently provided random responses. For example, three debtors entered the class saying they had already adopted all of the financial practices but left saying they "planned" to adopt all 10. Another respondent gave exactly the reverse pattern.

Using these definitions, we find that about 20 percent of the debtors reported accelerated plans to search for more favorable credit terms after completing the class. (Another 5 to 8 percent of the debtors reported changes in the opposite direction—see exhibit 3-11). A similar percentage of debtors accelerated their plans to save money regularly. About 15 percent of the debtors accelerated their plans to set financial goals, learn how to reestablish credit, and use spending plans. For all behaviors, and each curriculum taught, the number of accelerated changes exceeded the number of decelerated changes by amounts that were statistically significant.[14] None of the individual differences among the curriculums taught were statistically significant.

Exhibit 3-11 Percentage of Debtors Who Changed Plans to Follow Specified Financial Practices During the Class, by Curriculum

Financial Practice	Percentage of Debtors Who Changed Plans to Follow Specified Financial Practices During the Class [a]					
	EDC [b]		TEN [b]		CCA [b]	
Search for more favorable credit terms as credit standing improves	21	-5	22	-7	17	-8
Set short and long-term financial goals	16	-4	17	-3	16	-8
Learn how to re-establish credit	16	-4	15	-7	15	-7
Save money regularly	20	-3	20	-4	20	-9
Use a spending plan to track income and expenses	17	-3	15	-4	12	-4
Review income and expenses before making a large purchase	6	-1	7	-2	4	-2
Reduce impulse spending and cut unnecessary	6	-1	5	-2	5	-2
Compare prices before making purchases	4	-1	4	-2	5	-3
Review bills each month for accuracy	5	-1	4	-2	5	-2
Pay bills on time each month	6	-1	5	-3	4	-2
Number of cases	*962*		*1,474*		*510*	

[a] Shaded areas represent questions not addressed in the associated curriculum.
[b] In each cell, the first number represents the percentage of debtors whose plans after the class reflected an intention to accelerate adoption of a practice. The second (decelerated) number represents the percentage of debtors whose plans changed in the reverse direction—that is, they planned after the class to slow down the adoption of a practice or discontinue it.

[14] Level .05 one-tailed t-tests

We can summarize these changes in plans in various ways. Exhibits 3-12 and 3-13 show a few of the changes. Nearly half of the debtors (44 percent) reported at least one accelerated change in their intended financial practices (exhibit 3-12). However, 13 to 24 percent of debtors reported at least one decelerated change. Slightly more than one-third of debtors reported more accelerated changes than decelerated changes. However, these accelerated changes were offset by about 10 percent of debtors who reported more decelerated changes than accelerated changes. Debtors taught all three curriculums had about equal numbers of accelerated changes. Debtors taught the EDC and TEN curriculums had significantly fewer decelerated changes than debtors taught the CCA curriculum.[15]

Exhibit 3-12 Changes in Plans for Financial Behavior, by Curriculum

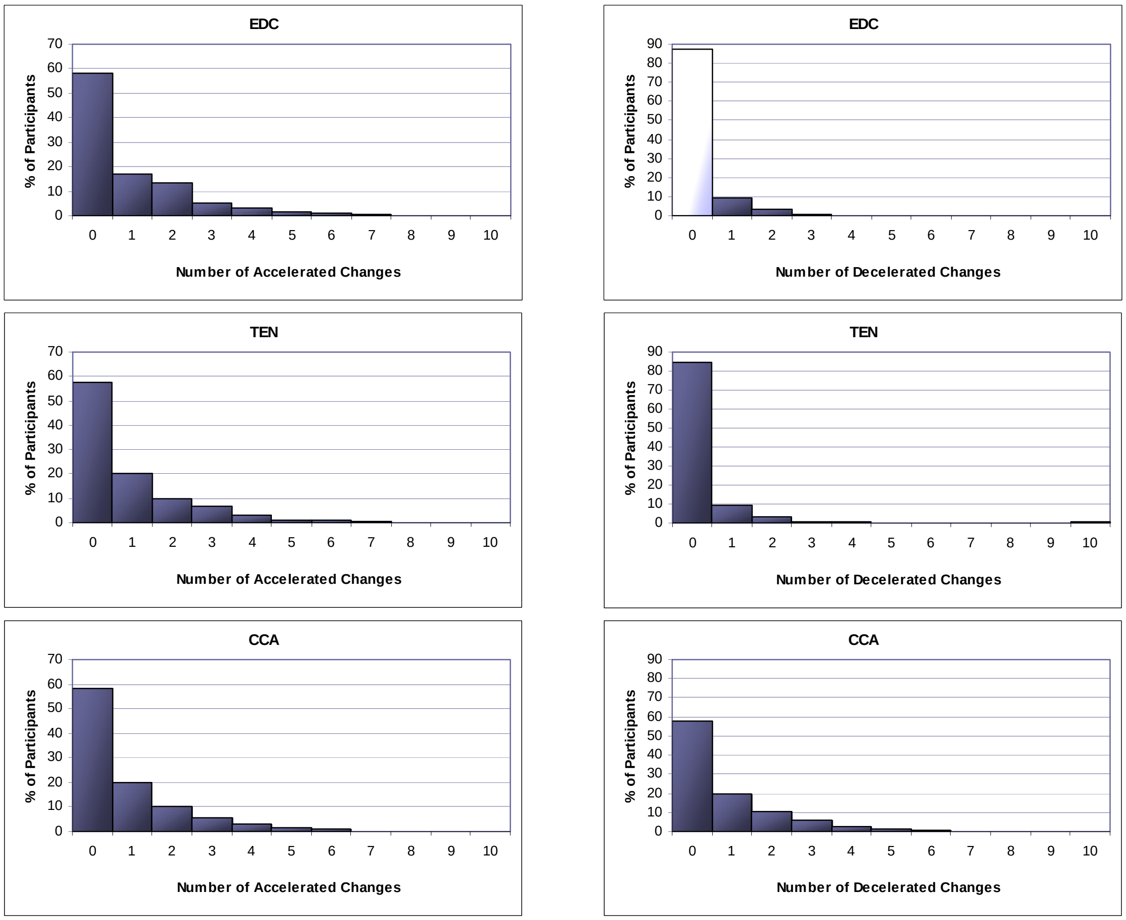
Change in Financial Practices	Percentage of Debtors Who Changed Plans		
	EDC	**TEN**	**CCA**
Any acceleration	44	44	43
Acceleration exceeds deceleration	38	38	34
Any deceleration	13	16	24
Deceleration exceeds acceleration	7	10	15
Number of cases	*1,474*	*962*	*510*

Exhibit 3-14 presents the ambiguous reports that some debtors gave about their past practices. The first line shows that 16 to 17 percent of debtors, depending on the curriculum they were taught, reported on one of the two questionnaires that they had already set financial goals but also reported on the other questionnaire that they planned to set financial goals. The number of debtors who entered the class saying they had already set financial goals (11 or 12 percent) but left the class planning to do so (perhaps again) significantly exceeds the number of debtors who entered the class with plans to set financial goals and left saying they had set them (4 or 5 percent). This pattern is repeated for all 10 financial behaviors addressed by the questionnaires. Debtors who switch from "done" to "plan" always outnumber the reverse transition, usually by a statistically significant amount.

[15] This difference remains statistically significant when we adjust for demographic and financial characteristics of the debtors.

Exhibit 3-13 Accelerated and Decelerated Changes in Planned Financial Behavior, by Curriculum [a]

Accelerated Changes | **Decelerated Changes**



[a] Based on 962 debtors taught the EDC curriculum taught by academic providers, 1,474 TEN debtors, and 510 CCA debtors.

About half of the debtors reported at least one change that involved planning to do an activity that they said they had already done. About a quarter gave at least one response in the reverse direction. There was no significant difference among curriculums in the number of debtors who reported plans to adopt (or repeat) practices they said they had already adopted. However, debtors taught the EDC and TEN curriculums were significantly less likely than debtors taught the CCA curriculum to report changes in the reverse direction; that is, fewer of them entered the class with plans to follow one of the practices and left saying they had already done it.

Exhibit 3-14 Percentage of Debtors Reporting Ambiguous Changes in Plans for Financial Practices

	EDC		TEN		CCA	
Set short and long-term financial goals	12	-5	12	-4	11	-5
Save money regularly	7	-6	6	-5	6	-5
Use a spending plan to track income and expenses	12	-5	11	-4	10	-7
Reduce impulse spending and cut unnecessary expenses	16	-6	16	-6	11	-7
Review income and expenses before making a large purchase	16	-5	14	-5	10	-8
Pay bills on time each month	14	-4	9	-4	10	-8
Review bills each month for accuracy	16	-3	14	-4	8	-7
Compare prices before making purchases	16	-4	14	-3	11	-10
Learn how to re-establish credit	9	-6	9	-6	7	-7
Search for more favorable credit terms as credit standing improves	9	-6	8	-6	7	-4
Number of cases	*962*		*1,474*		*510*	

The first cell in each column shows the percentage of debtors who entered the class claiming to have "already done" the specified practice but said after the class that they "planned" to do it. The second cell in each column represents the percentage of debtors who made the reverse transition—that is, planned to adopt the practice and then said they had already adopted it.

Exhibit 3-13 above provides additional detail about the distribution of net changes among debtors. ***Most debtors had no net change, usually because none of their answers changed after the class but sometimes because they had one accelerated change offset by one decelerated change.*** For all three curriculums, the number of accelerated changes exceeded the number of decelerated changes. The only significant difference among curriculums was that debtors taught the EDC and TEN curriculums reported fewer net decelerations in plans than did debtors taught the CCA curriculum.

About half of the debtors who made new plans to improve their financial practices followed up on them. Three months after debtors had completed the classes that taught the EDC and TEN[16] curriculums, we telephoned them and asked, "Since completing the training program, please tell me whether you set short and long-term financial goals." We repeated the question for each of the 10 financial practices addressed by the interview. Debtors could respond that they did not set a goal, that they planned to set one in the future, or that they had already set one. Debtors who were following the practice

[16] Participants taught the CCA curriculum were not included in the three-month follow-up survey.

could further specify that they "have been doing so for one to six months,"[17] or "have been doing for more than six months." We assumed that those debtors who chose the latter option—as many as 60 percent for some questions—had been following the practice before the class and continued the practice after the class. We counted only those debtors who responded "one to six months" as possibly reflecting changes caused by the class. (Other kinds of changes, such as strengthening pre-existing intentions, could not be identified by this interview.) Since three months had intervened since the classes, however, these changes could also have been caused by other events in the debtors' lives. However, because we asked about plans when debtors were leaving the classroom, we can at least verify whether their subsequent behavior was consistent with their expressed intentions.

Exhibit 3-15 shows the responses of debtors who expressed an accelerated change in plans upon leaving the classroom. About half (46 percent of debtors taught the TEN curriculum and 56 percent of debtors taught the EDC curriculum) of those debtors who left the class saying they planned to set short- and long-term financial goals (and whose plans were changed during the class) actually established such goals during the three months after the class. Similarly, 29 percent of debtors taught the TEN curriculum and 42 of debtors taught the EDC curriculum who had planned to save money regularly (and had changed their plans during the class) actually did so.

Since exhibit 3-15 is based on the few debtors who expressed changes in plans, the sample sizes are small (77 or fewer for debtors taught the EDC curriculum and 129 or fewer debtors taught the TEN curriculum. As a result, most numbers in the exhibit have standard errors of 6 to 10 percent, and 95 percent confidence intervals of plus or minus 12 to 20 percent. As a result, differences between debtors taught the two curriculums are generally not statistically significant. The one exception is that debtors taught the EDC curriculum (which did not cover the topic) were *more* likely to say they had looked for more favorable credit terms than debtors taught the TEN curriculum (which did mention the topic). This "counterintuitive" finding may be due to differences between chapter 7 and chapter 13 filers. It is not explained by age, race, sex, income, or education.

The box "Noteworthy Debtor Responses . . ." presents the answers debtors wrote on their questionnaires in response to five open-ended questions related to changes in financial practices after the class. As shown, the responses are not always consistent with the debtors' responses to the closed-ended questions on the same topics.

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[17] Since the interviews were conducted three to four months after completion of the class, and since the question asked about activities "since completing" the class, we assumed that these responses meant "at any time since completing the class."

Exhibit 3-15 Percentage of Debtors Who Followed Specified Financial Practices During the Three Months After Debtor Education, for Those Debtors Who Reported Accelerated Changes in Plans Immediately After the Class

Financial Practice	Percentage of Debtors Following Practice [a]	
	EDC	TEN
Set short and long-term financial goals	55%	46%
Save money regularly	42%	29%
Use a spending plan to track income and expenses	38%	43%
Reduce impulse spending and cut unnecessary spending	40%	56%
Review income and expenses before making a large purchase	32%	47%
Pay bills on time each month	62%	61%
Review bills each month for accuracy	50%	40%
Compare prices before making purchases	56%	32%
Learn how to re-establish credit	38%	24%
Search for more favorable credit terms as credit standing improves[b]	30%	11%

[a] Shaded areas represent questions not addressed in the associated curriculum. CCA participants were not included in the three-month follow-up survey. Number of cases ranged from 16 to 77 for debtors taught the EDC curriculum and from 19 to 120 for debtors taught the TEN curriculum depending on the number of debtors who expressed plans to accelerate a financial practice immediately after the class.
[b] Providers are significantly different ($p < .01$, two-tailed chi square test adjusted for district effects).

Noteworthy Debtor Responses to Open-Ended Questions on the Post-Instruction and Follow-Up Questionnaires

The post-instruction questionnaire asked participants one open-ended question about their future financial plans:

As a result of participating in this program, what steps or actions will you take to improve your financial situation? Of the over two-thirds of the debtors (68 percent) who answered this question, 28 percent (560) wrote that they planned to save money, or save more money, and 21 percent (424) referred to developing a budget.

The follow-up questionnaire asked four open-ended questions about debtors' changes in financial practices and plans:

(1) *Please list other changes you have made in your financial practices [besides those changes identified in a list provided on the questionnaire].* Of the 45 percent of participants who wrote a response, the most common response, given by 24 percent of respondents (141), was that they spent less money.

(2) *As a result of the program, have you achieved any of your personal goal(s)?* Of the 55 percent of debtors who said they had achieved at least one goal and identified which goal was most important, 19 percent (133) wrote they had reduced or eliminated their debt; 19 percent (130) had opened a checking or savings account; and 16 percent (113) were saving money.

(3) The 45 percent of debtors who reported that they had not achieved any of their personal goals were asked, *What things prevented you from achieving your goals?* The only barrier that a significant number of these debtors identified was lack of income or money (24 percent, 134 debtors).

(4) *How have you managed your money differently since participating in the debtor education program?* Of the 98 percent of participants who answered this question, 20 percent (261) reported cutting back on spending, and 10 percent (132) reported paying bills on time or making payment a priority.

Effects of Debtor Characteristics

We used regression to test whether some groups of debtors learned more than others (exhibit 3-16). Appendix J provides more detail about the regression specifications. The dependent variable was the total number of correct responses given to the 10 knowledge items. The pre-instruction questionnaire response was included on the right-hand side.[18] Other terms in the equation test the effects of these factors on the post-instruction questionnaire after adjustment for the pre-instruction questionnaire. We interpreted this effect as learning.[19] The specific values of the regression coefficients depend on all the other variables in the equation and on how those other variables are scaled. As a result, we discourage attempts to interpret the values as literal group differences; they are useful because they provide hypothesis tests.

Exhibit 3-16 Effect of Debtor Characteristics on Knowledge Gain, by Curriculum

[18] We used the six items administered to all debtors. (Four other items were excluded from some of the pre-instruction questionnaires to test for measurement effects.)

[19] Exhibit 3-16 shows two statistics summarizing the relationship between the dependent and independent variables. The R^2 statistic is the ratio of variance explained by the model to total variance. The F statistic tests the hypothesis that none of the variables in the model (including the pre-instruction test) is correlated with the dependent variable. Because of the strong correlation between the pre-instruction and post-instruction measures, both statistics indicate strong relationships.

Exhibit 3-16 Effect of Debtor Characteristics on Knowledge Gain, by Curriculum

Variable	Regression Estimate of Knowledge Gained Per Unit Change in Each Variable		
	EDC	TEN	CCA
Pre-Instruction Questionnaire for 6 items	0.66***	0.78***	0.68***
Bankruptcy caused by Knowledge Deficit	0.05	-0.10	-0.09
Bankruptcy caused by Financial Crisis	-0.09	0.13	0.04
Chapter	-0.01	0.02	0.10
New Jersey	0.19**	-0.03	0.33**
Texas Northern	-0.07	0.05	-0.04
Virginia Eastern	0.47***	-0.23***	-0.33***
Virginia Western	-0.06	0.25*	0.03
Washington Eastern	0.38*	NA	0.25
Age	-0.03	-0.04	-0.03
Education	0.15	0.15	0.29***
Divorced	0.02	0.00	0.12
Widowed	0.02	0.10	-0.21
Never Married	-0.06	0.03	-0.32
Female	-0.04	-0.05	-0.05
Income	0.07	0.12	0.18
Black	-0.50*	-0.16	-0.33
Hispanic	-0.23	-0.26	0.23
Employment Status	0.05	0.07	0.05
Constant	4.79***	3.27*	3.15*
R^2	.4174	.4265	.2661
F	19.81	36.77	7.22
Number of debtors	*660*	*1,111*	*482*

* p<0.05
** p<0.01
*** p<0.001

F statistics not adjusted for clustering within district. All F statistics are statistically significant at the .001 level.

For each of the three curriculums taught, debtors learned more in some districts than in others. In other circumstances, one might equate “district” with geography. However, for debtors taught the EDC and TEN curriculums, district differences also reflect differences in instructors (and other aspects of the classroom setting). These properties of districts are unrelated among curriculums; as a result, there is no reason to expect that district effects would be similar for different curriculums taught. Since debtors taught CCA's curriculum were instructed by telephone in geographically mixed groups, it is unlikely that differences in learning by district among these debtors would reflect differences in instructors or the class "setting." It is more likely that these debtors differ among the regions in characteristics that we did not measure.[20]

Aside from pre-existing knowledge and differences among the districts, demographic and situational characteristics of debtors generally had little impact on learning. We found no effects related to cause of bankruptcy, age, ethnicity, sex, income, or employment status. The only significant difference was that CCA's instruction was more effective for highly educated debtors than for less educated debtors who attended the same classes and who received the same score on the pre-instruction questionnaire (exhibit 3-17).[21] Each panel of exhibit 3-17 shows debtors with the same score on the pre-instruction questionnaire. (For example, the first panel shows the 9 debtors with exactly one correct answer. The other panels are based on between 35 and 206 debtors.) At each level of the pre-instruction questionnaire, better-educated debtors had higher scores on the post-instruction questionnaire than did debtors with less education. No such education effect was found for debtors taught the EDC or TEN curriculum.

Behavioral change also differed among the districts for each of the three curriculums taught (exhibit 3-18). The dependent variable in this equation was the total number of financial practices that a debtor intended to accelerate minus the number of financial practices that he or she planned to decelerate. In this equation, an accelerated number therefore represented a net change toward more favorable behavior, and a negative number represented a net change away from preferred behavior. Among debtors taught the EDC curriculum, single or divorced debtors expressed greater intent to change financial practices than married debtors with the same demographic and other characteristics. Among debtors taught the CCA curriculum, education again appeared to influence the effectiveness of the class, with more educated debtors expressing more accelerated changes in plan than debtors with less schooling with similar demographic and other characteristics.[22] Male debtors taught the CCA curriculum appeared to respond more positively than did female debtors, and debtors taught the CCA curriculum who were not working expressed greater intent to change than did CCA debtors with jobs.

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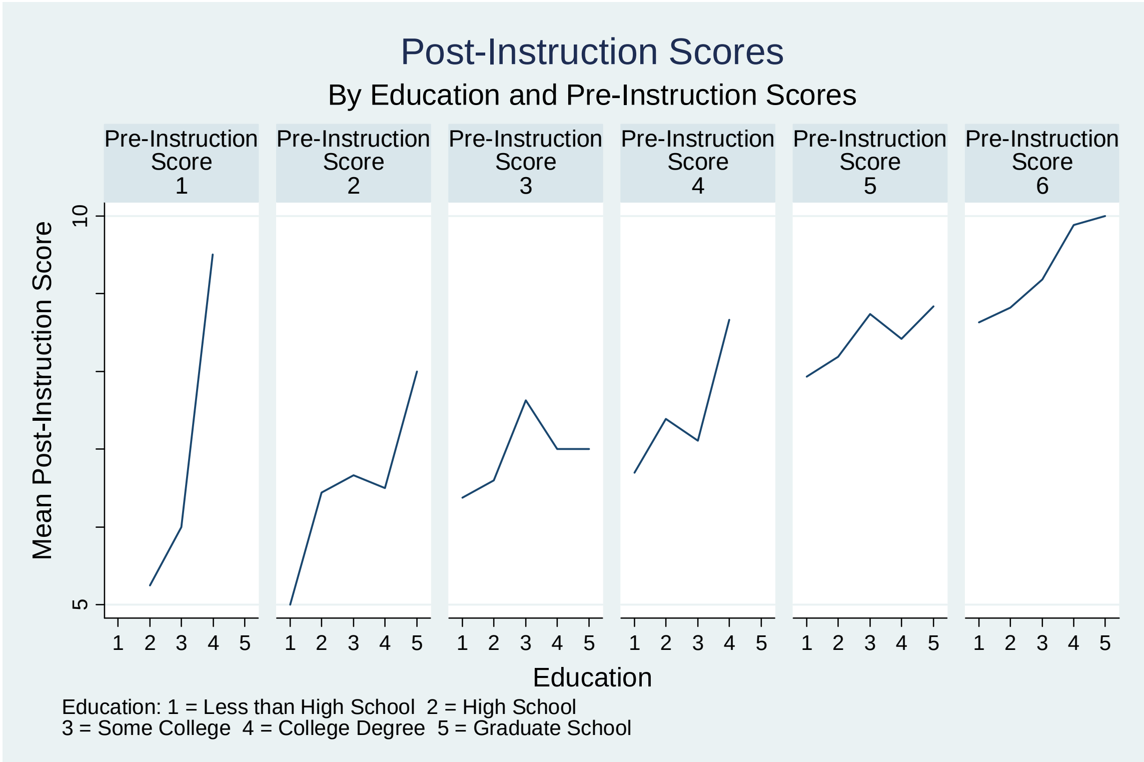
[20] For example, we asked about the number of years of schooling, but quality of school experience may be a better predictor of learning than quantity. There was no practical way to measure this in a short questionnaire.

[21] The exhibit does not show the effects for debtors taught the EDC and TEN curriculums because none were significant.

[22] Because approximately 40 parameters are being tested across the three equations, we would expect one or two spurious conclusions using level .05 tests. Effects that are significant at level .01 or higher are less likely to be spurious.

Exhibit 3-17 Effect of Education on Learning—CCA Debtors[a]



[a] Based on 500 cases with known level of education. Excludes 6 cases with extremely low scores on the post-instruction questionnaire.

Exhibit 3-18 Effect of Debtor Characteristics on Changes in Financial Practices Plans, by Curriculum

Variable	Regression Estimate of Net Change in Financial Plans Per Unit Change in Each Variable		
	EDC	**TEN**	**CCA**
Pre-Instruction Questionnaire for 6 items	-0.09	0.00	-0.01
Bankruptcy caused by Knowledge Deficit	0.1	0.04	-0.04
Bankruptcy caused by Financial Crisis	0.09	0.06	0.12
Chapter	0.04	-0.08 *	0.01
New Jersey	0.28 **	-0.52 ***	0.19 *
Texas Northern	0.19	-0.02	-0.02
Virginia Eastern	-0.46 *	-0.14 *	0.57 ***
Virginia Western	0.12	-0.25 ***	0.00

Exhibit 3-18 Effect of Debtor Characteristics on Changes in Financial Practices Plans, by Curriculum *(Continued)*

Variable	Regression Estimate of Net Change in Financial Plans Per Unit Change in Each Variable		
Washington Eastern	-0.25*	NA	0.40*
Age	0.03	-0.09	-0.10
Education	0.01	-0.13	0.36*
Divorced	0.13*	0.09	-0.04
Widowed	-0.21	-0.18	0.15
Never Married	0.37*	-0.12	-0.04
Female	0.24	0.01	-0.24*
Income	0.04	0.00	0.09
Black	-0.24	0.01	-0.22
Hispanic	-0.21	-0.43	0.28
Employment Status	0.06	-0.04	0.12*
Constant	-0.09	2.53**	-0.30
Number of debtors	*660*	*1,111*	*482*
R^2	.0606	.0301	.0929
F	2.06**	1.78*	2.36***

* p<0.05
** p<0.01
*** p<0.001

Implementation

The debtor education classes produced small gains in knowledge and small changes in planned behavior. Did these results reflect inherent limitations of the curriculums or faulty implementation? To explore this question, we examined the instructors' training and qualifications, and their fidelity to the curriculums they taught.

Instructor Qualifications

All academic instructors confirmed that they had received training to implement the EDC curriculum. Two TEN instructors indicated that they had not been trained to deliver the TEN curriculum. CCA instructors did not complete the checklist.

To determine the instructors' relevant experience to teach the curriculums, we reviewed 15 instructor résumés chosen systematically from among each of the three providers and observed 9 instructors' classes chosen systematically from among the providers (appendix H provides complete information about how we selected the résumés and classes). The review suggested that ***most instructors had the necessary experience to teach a financial management curriculum***. For example, a review of the instructors' résumés suggested that 10 of the 15 instructors had the necessary experience to teach the curriculums and that 6 of these 10 instructors' appeared to be highly experienced or very experienced based on a combination of their academic credentials and previous instructional experience. In addition, observers of the debtor education classes rated all 9 instructors we observed as effective or very effective and found that all of the instructors covered the major topic areas in the curriculums and adhered to the recommended time spans for each topic area. Appendix H presents a complete discussion of these findings about the instructors' experience and teaching.

These findings are supported by participants' ratings of instructors. Of the 94 percent of debtors who answered a question about the helpfulness of their instructors, 72 percent reported their instructor was very helpful, and 25 percent said the instructor was helpful; only 3 percent said their instructor was somewhat helpful, and less than 1 percent said not helpful.

Finally, debtors' responses to the open-ended question asking what they liked most about the class tended to confirm anecdotally our conclusion that the instructors were experienced and effective: 18 percent of the 70 percent of participating debtors who wrote provided an answer singled out their instructor either by name or by writing in "speaker" or "instructor" as being the most important feature they liked about the class they attended.

Instructor "Fidelity" to the Curriculums

To explore whether "fidelity" to the curriculums by different providers and different instructors could help explain our findings, we examined:

- variation in length of classes by all three providers' instructors;
- variation in topics covered and omitted by all three providers' instructors; and
- variation in use of videos by the academic provider instructors.[23]

These measures came from three data sources: in-class observations of 9 instructors, telephone interviews with 15 instructors, and instructor checklists completed by every academic provider and TEN instructor participating in the study after each of their classes. (See chapter two for a discussion of each of these data sources.) There were no noteworthy differences among the academic, TEN, and CCA providers in terms of the length of their classes (typically 2-to-2½ hours in length) or in terms of the topics they covered and omitted. Most instructors and our observers reported that no major topics were omitted. In addition, there was little difference among the academic instructors in the use of videos—almost all showed the two videos that came with the EDC curriculum.

[23] Only the academic curriculum included two optional videos.

Debtors' Pre-Existing Knowledge of the Answers

Since inexperience and failure to teach the curriculums properly are unlikely to explain the small gains the debtors showed in knowledge between administration of the pre-instruction questionnaire and the post-instruction questionnaire (no gain in knowledge on any one question in exhibit 3-4 above exceeds 15 percent), it appears that ***the most likely explanation for this result was that most debtors already knew much of the information being measured in the questionnaire items before they took the class***. As a result, they had little to gain from much of the instruction.

Debtors may have known most of this material for two reasons.

- First, all the debtors had already participated by law in a counseling session before the financial management class. Anecdotal evidence from one of the providers of the debtor education suggests that ***the counseling may have provided many of the debtors with the answers to many or most of the questions on the questionnaires before they attended the class***.

- Second, individuals who filed for bankruptcy because they experienced some type of severe unexpected and unavoidable change in their financial circumstances, such as the death of an employed spouse or major medical bills, might be expected to benefit less or not at all from the debtor education classes compared with other debtors whose bankruptcy was associated with poor financial practices, such as making excessive use of credit or using predatory loans (the two such practices tested on the questionnaires). This is because the debtor education curriculums were designed to help debtors avoid mismanaging their finances, but ***debtors who went into bankruptcy not because of financial mismanagement but because of an unanticipated financial crisis may have already known much or most of the information presented in the classes***.

Because of this possibility, we grouped explanations for filing for bankruptcy into four categories to examine the extent to which the curriculums may have been "preaching to the choir"—that is, whether a significant portion of the audience already knew the information the curriculums addressed and could not, as a result, have shown improvement in knowledge or behavior on the post-instruction or three-month follow-up questionnaires (see exhibit 3-19).

The curriculums were predicated on the assumption that many if not most debtors seriously overspent because they were unaware of sound financial management practices. However, overall, only 10 percent of debtors (GROUP A) reported engaging in one or both of the two poor financial practices addressed on the questionnaires as *the sole* relevant reason or reasons for declaring bankruptcy or as a reason in conjunction with an unexpected or unavoidable change in their financial circumstances. Although one might speculate that these debtors would have benefited from a class that focused on avoiding financial mismanagement in the future, we found no correlation between cause of bankruptcy and knowledge gains (see exhibit 3-15 above). Moreover, once education levels were taken into account, cause of bankruptcy was not a significant predictor of knowledge before participating in the class (exhibit 3-20).

Exhibit 3-19 Number and Percentage of Debtors by Explanation for Filing for Bankruptcy

Categories of Explanations for Filing for Bankruptcy	Debtors Falling into Each Category	
	Number	**%**
GROUP A: Poor financial practices*/decisions and *no* unexpected/unavoidable change in financial situation**	319	10%
GROUP B: Poor financial practices/decisions *and* an unexpected/unavoidable change in financial situation)	904	30%
GROUP C: Unexpected/unavoidable change in financial situation and *no* poor financial practices/decisions	1,617	53%
GROUP D: All other explanations***	222	7%

*Items that were categorized as *poor financial practices* included: use of payday loan, rent-to-own, title loan, or other very high interest loan(s); gambling, lottery, etc.; and, excessive use of credit.
**Items that were categorized as *unexpected/unavoidable change in financial situation* included: loss of employment (unemployed, working fewer hours, or spouse out of a job); divorce or other family problems; death of a spouse, partner, or other family member; health problems/medical bills; and, a large unexpected expense.
*** We included in this group reasons that are *a result of*, not *a cause of*, falling into debt. Items included: car or other property was being repossessed; late on mortgage payments/foreclosure on house; excessive business expenses; and, other.

However, over half of the debtors (53 percent, GROUP C) indicated that their bankruptcy was the result of a crisis that led to a change in their financial situation and not because they took out predatory loans or used credit excessively. An unknown number of these participants may not have been able to show much, if any, improvement in their knowledge about good financial management practices as a result of the class because they may have already known the information and been avoiding these two poor financial practices.

This observation must be tempered by the facts that:

- these debtors' claims of not having mismanaged their finances are unverified and in some cases, perhaps, self-serving; and

- overall, 40 percent of the debtors acknowledged that, while not the exclusive reason, financial mismanagement was at least a factor in causing their bankruptcy.

Exhibit 3-20 Pre-Instruction Knowledge, by Education and Cause of Bankruptcy

Education	Average Number of Correct Responses on 6 Pre-instruction Items: Bankruptcy Attributed to Lack of Knowledge	All Other Debtors
Less than High School	4.1	4.0
High School or GED	4.5	4.3
Some College	5.0	4.9
College Degree	5.1	5.0
Graduate School	5.4	5.0

Summary

Instruction produced small, but statistically significant, gains for most of the 10 knowledge items measured by the questionnaires. Differences among curriculums taught were slight. Most debtors taught the EDC and TEN curriculums who learned a fact during instruction retained their knowledge for at least three months after the class.

Most debtors reported they had been following the recommended financial practices before they took the class. Nearly all of those debtors who did not follow the practices said that they planned to begin to follow them in the next month or shortly thereafter. Immediately following the class, a small but statistically significant number of debtors formulated new plans or decided to begin the practice within the next month. A somewhat smaller number of debtors expressed the opposite change. That is, they either dropped an existing plan or decided to postpone action on it beyond the next month. Debtors who were taught the EDC and TEN curriculums appeared to report fewer of these decelerated changes in plan than did debtors taught the CCA curriculum. About half of the debtors taught the EDC or TEN curriculum who accelerated their plans on leaving the education sessions had implemented these plans at the time of the three-month follow-up interview.

Chapter Four: Conclusions and Implications

Overall, the results of the evaluation indicate uneven effectiveness of the three debtor education curriculums under study. The results have implications for revising and re-evaluating the curriculums.

Summary of the Findings

Almost all the debtors (97 percent) reported that their overall ability to manage their finances had improved as a result of participating in the class. Furthermore:

- For debtors who did not already know the material covered in the curriculums, instruction produced small but statistically significant gains in knowledge immediately after the class for some of the topics covered by the curriculums.

- On most of the topics where knowledge gains were evident immediately after the class, more than half of the debtors continued to give correct responses three months later—that is, they retained the information they had learned.

- Half of the debtors who reported immediately after the class that they intended to improve any given financial practice reported three months later that they had made the change.

However, the improvement in knowledge, while statistically significant, represented small percentages of the debtors, ranging from zero to 15 percent depending on the question and the curriculum. We did not find substantial differences among the three curriculums in terms of improving knowledge among debtors. In terms of improved financial practices, about half of the debtors reported immediately after the class that they did not anticipate making any changes in financial practices. However, 43 to 44 percent of the debtors planned either to add a financial practice that they had not planned to adopt before the class or to begin the practice sooner than they had planned to before the class. (A few of these debtors also dropped or delayed plans for one or more other financial practices included on the questionnaires.)

The curriculums produced little change in knowledge on the measures included in the questionnaires because most of the participating debtors already knew the answers to them before they took the class and were already following many of the financial practices the questionnaires asked about. ***Because of this widespread pre-existing knowledge, it was difficult for the debtors to show improvement on the post-instruction questionnaire and three-month follow-up questionnaire***—they had already answered most of the answers correctly on the pre-instruction questionnaire. Moreover, most debtors who did not already know the answers to the 10 questions before the class failed to learn the answers during the class.

There are at least two possible reasons for this widespread previous knowledge:

- The fact that all the debtors had already participated by law in a counseling session before the financial management class may have provided many of them with the answers to many of the questions on the questionnaires before they attended the class. Indeed, one instructor reported that "I was repeatedly told [by debtors in class] that information covered in this class was very similar to what they learned in their counseling session." In addition, the experience of having filed a bankruptcy petition may have taught some debtors about the need to avoid poor financial practices.

- The curriculums were predicated on the assumption that many if not most debtors seriously overspent because they were unaware of sound financial management practices. However, there is suggestive evidence that this may not be true for some participants in this study. Many debtors in the study reported that they had fallen into debt because of an unanticipated crisis, such as loss of work or a medical emergency, that left them without financial resources (even if they had been careful to save some money for such emergencies). Ending up in debt for this reason may have nothing to do with lack of knowledge of sound financial practices. Indeed, only 10 percent of the debtors reported that the only reason they had fallen into debt was because they mismanaged their finances. Lack of knowledge may not have been the problem for many or most of these debtors. However, this observation must be tempered by the facts that:

  -- these debtors' claims of not having mismanaged their finances are unverified and, perhaps, self-serving; and
  -- overall, 40 percent of the debtors acknowledged that, while not the exclusive reason, financial mismanagement was at least a factor in explaining their bankruptcy.

Study Limitations

Limitations to the study are identified in full in appendix A. However, it is important to repeat two important limitations in view of the modest positive results the study showed that the curriculums achieved. First, the three curriculums addressed many topics that, of necessity, a short questionnaire could not address. Second, the questionnaire did not test whether the curriculums reinforced information the debtors already knew before they attended the class or reinforced good financial practices they were already following before the class.

As a result, debtors may have learned information and skills that were not measured in this study. Indeed, the high level of satisfaction that 97 percent of the debtors expressed with the classes suggests that ***debtors found the curriculums beneficial in ways the questionnaires did not measure***.

Generalizability of the Findings

Our data came from only 6 of the Nation's 88 judicial districts that are subject to the jurisdiction of the Executive Office for U.S. Trustees. EOUST chose these districts because academic providers could be recruited quickly to participate in the study and because all but one of the districts had TEN debtor education programs already in place. Because debtors and instructors in these districts may not be representative of all debtors and instructors in the Nation, we cannot say with statistical confidence that these results would be comparable in districts outside the study group.

The Need to Revise the Curriculums

Although the curriculums included information that financial management experts have determined debtors need to know to avoid future debt, most of the debtors already knew the answers to many of the questions that tested this knowledge. As discussed above, the curriculums were predicated on the assumption that many if not most debtors seriously overspent because they were unaware of sound financial management practices, while many of the debtors in the study suggested that it was an unforeseen financial crisis that led in part or in whole to their going into bankruptcy, not poor money management or at least not exclusively poor money management. If this preliminary and tentative finding is accurate and can be validated in future research, ***it may be beneficial to revise the debtor education curriculums to include a more significant focus on how individuals who have gone into debt partly or entirely because of a sudden financial emergency can best respond to this urgent situation***. For example, the curriculums might suggest the use of alternatives to using second mortgages or credit cards to cover these unforeseen events, negotiating repayment plans for medical bills, and contacting available state and local social service agencies for advice and assistance.

Appendixes

Appendix A

Study Limitations

There were two types of limitations to the study: limitations that were anticipated as part of the original evaluation design and limitations that resulted from changes in our original evaluation design. This appendix discusses each type of limitation separately.

Study Limitations That Were Part of the Original Study Design

(1) ***Impossibility of using a control group to distinguish between effects of the curriculums and other experiences that occurred to debtors after the class.*** Because the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires all debtors to participate in a debtor education class, it was impossible to create a control group of debtors who did not participate in a class and who would be comparable to debtors who did participate in a class. This had little effect on our ability to measure learning during class. We measured changes by comparing debtors' responses on a questionnaire administered immediately before the class with debtors' responses both immediately after the class and three months after the class. When these responses were obtained on the post-instruction questionnaire immediately after the class, we felt comfortable in attributing the differences to the effect of the intervening instruction. However, this logic is less compelling when applied to the three-month follow-up responses, because experiences debtors had during the intervening three months, such as reading an article or talking with a financial advisor on ways to avoid future debt, might have contributed to their ability to answer the questions correctly. We had no way to distinguish such learning from the effects of the curriculums.

(2) ***Inability to detect possible bias caused because different types of debtors decided to enroll in each provider's class***. While we could identify bias due to demographic characteristics, we could not find out whether, for example, more motivated debtors enrolled disproportionately in one provider's course, resulting in their showing greater improvement—unrelated to the curriculums being taught—on the post-instruction questionnaire than debtors who enrolled in the other two providers' courses. Similarly, because debtors were able to attend the academic providers' classes for free but had to pay to attend the TEN and CCA classes, it is possible that debtors who chose the free class differed from debtors who chose—or were able—to pay for the class. In addition, TEN participants may have been different on important characteristics from participants who attended the academic providers and CCA classes since almost all TEN participants filed under Chapter 13 while most academic and CCA participants filed under Chapter 7. However, we could not test for differences between Chapter 13 and Chapter 7 filers beyond the demographic variables discussed in chapter two.

(3) ***Inability to test whether debtors learned all of the information included in the curriculums and whether the curriculums reinforced previous learnings and pre-existing sound financial behaviors on the part of debtors.*** The three curriculums addressed many topics that, of necessity, a short questionnaire could not address. In addition, it would have been difficult for any questionnaire to have reliably tested whether the curriculums reinforced information the debtors already knew and behaviors they had already adopted before the class.

Study Limitations That Resulted from Changes to the Original Study Design

Abt Associates' original study design underwent many revisions because of circumstances of which we were unaware beforehand or which arose only after the study began. Some of these revisions significantly limited the evaluation design we were able to implement. Below, we summarize the most important of these changes, the reasons we made them, and their effects, if any, on the evaluation. After discussion, the Executive Office for U.S. Trustees (EOUST) approved each change.

Experimental (Random Assignment) Component

Original Plan:	Academic providers assign debtors randomly to classes using the new curriculum developed by Education Development Center (EDC) and to classes using the providers' own curriculums
Change:	Not adopted.
Reason:	One academic provider was willing to implement only the EDC curriculum. Other academic providers used "itinerant" instructors who traveled from site to site giving a single presentation each week or even month on a given date in each site, making it impossible to randomly assign debtors to two different curriculums.
Impact:	The change compromised our ability to attribute effectiveness of the class to the curriculums by making it impossible to isolate the effect of the curriculums on gains in knowledge or changes in self-reported behavior from the effect on these outcomes of the instructors' delivery of the curriculums.

Duration of Enrollment Period

Original Plan:	Allow six months for enrolling participants.
Change:	Allow nine months for enrolling participants.
Reason:	We wanted to allow more time to achieve desired sample sizes because the initial low number of filings, lack of classes, cancelled classes, small class enrollments, and increased use of telephone delivery led EOUST to express concern that achieving our planned sample size for academic provider participants might be optimistic.
Impact:	In an effort to enable EOUST to meet its Congressionally mandated report submission date, in order to compensate for this three-month lengthening of the enrollment period we reduced from six months to three months the length of time between administration of the post-instruction and follow-up questionnaires.

Timing of Follow-Up Questionnaire

Original Plan: Administer six months after class participation.
Change: Administer three months after class participation.
Reason: To be able to submit the final report on schedule, we had to compensate for the three-month extension of the enrollment period (see above).
Impact: We measured a shorter-term effectiveness of the curriculums than planned, making it impossible to detect decays in knowledge and sound self-reported financial behaviors in the longer run.

Incentive Payments to Participating Debtors

Original Plan: Offer monetary incentive to debtors.
Change: Not adopted.
Reason: EOUST expressed the wish to avoid using incentives.
Impact: Failure to provide incentives may have reduced the number of study participants, especially for the three-month follow-up questionnaire. Although we found little evidence of bias due to nonresponses, a larger number of respondents on the follow-up survey might have reduced unknown bias due to differences between debtors who completed the follow-up questionnaire and debtors who did not.

Analysis of CCA Follow-Up Data

Original Plan: Include data from CCA's follow-up questionnaire in our analysis.
Change: Abandoned.
Reason: Our original study design anticipated including debtors participating in CCA's classroom course and conducting the three-month follow-up survey with these debtors as well as with the debtors attending the academic providers and TEN classes. However, when it appeared that the number of debtors attending CCA's in-person classes would be too small for analytic purposes, EOUST approached CCA to request a telephone sample, which CCA agreed to provide. However, CCA had already begun its own internal study, which was designed to follow up with its phone participants six months after the debtor education class. Given that CCA's telephone sample was not included in Abt Associates' original study and was added toward the very end, CCA was unable to provide three-month follow-up data given its own internal constraints.
Impact: The study could not compare the long-term effectiveness of telephone versus classroom delivery of financial management instructional courses.

Examination of Court Data

Original Plan:	Examine court data on outcomes such as plan completion or progress toward completion to confirm responses to the surveys in light of the inherent limitations of self-reports (such as respondents’ unwillingness to disclose sensitive personal information, inability to recall information, and limited attention spans).
Change:	Not adopted.
Reason:	Data from a variety of court databases we examined were either not available to us unless we provided case numbers (which we had no way of obtaining) or would have required debtor consent to link with study participants (which debtors were unlikely to provide).
Impact:	The change made it impracticable to independently verify debtors’ self-reported financial practices, making it impossible to validate the debtors’ responses in these areas on the follow-up questionnaire.

Appendix B

Pre-Instruction, Post-Instruction, and Three-Month Follow-Up Questionnaires

U.S. Department of Justice

U.S. Trustee Program

Financial Education Study
Pre-Instruction Questionnaire

Please fill out this questionnaire before the debtor education class. Your responses are very important, because they will help to improve the program. The questionnaire will take you about 10 minutes to complete.

Although you just signed a form agreeing to participate in this research study and to answer the questions on this questionnaire, ***you are still free to refuse to answer any or all of the questions below***. If you decide not to answer some or all of the questions, we will not report this to anyone. Your deciding not to answer any questions will not influence your bankruptcy proceedings or judgments. And, if you refuse to answer any or all of the questions, your fee for this class will still be waived.

If you are not sure about the correct answer to a question that you are willing to answer***, please answer the question to the best of your ability—even if you have to guess at the correct answer***.

All your answers will be kept strictly confidential and will be used only for this research.

Please circle TRUE or FALSE for each of the following statements.

1.	Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	True	False
2.	A need is something that is unnecessary but desired, and a want is something that is a necessity.	True	False
3.	Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	True	False
4.	Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	True	False
5.	Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	True	False
6.	Financial experts recommend having an emergency fund that is equal to 3-6 months worth of living expenses.	True	False
7.	Approximately 10% of an individual's credit score is determined by their payment history.	True	False
8.	A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	True	False
9.	Credit reports contain information on past employers, race, and medical history.	True	False
10.	Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	True	False

What caused you to file for bankruptcy? (Check all that apply)

☐ Loss of employment (unemployed, working fewer hours, or spouse out of a job)
☐ Divorce or other family problems
☐ Death of a spouse, partner, or other family member
☐ Health problems / medical bills
☐ Excessive use of credit
☐ Car or other property was being repossessed
☐ Late on mortgage payments / foreclosure on house
☐ Use of payday loan, rent-to-own, title loan, or other very high interest loan(s)
☐ Excessive business expenses
☐ Gambling, lottery, etc.
☐ A large unexpected expense:________________
____
☐ Other:____________________________
____

Before you start the program, here's a quick check to see how you're doing. For each financial practice, check the box that best describes what you're doing now. There is no "right" or "wrong" answer. (Choose only one answer for each financial practice.)

Financial Practice	Do not plan to do	Plan to do in the next month	Plan to do in the next 2-6 months	Have been doing for 1-6 months	Have been doing for more than 6 months
1. Set short and long-term financial goals.	☐	☐	☐	☐	☐
2. Save money regularly.	☐	☐	☐	☐	☐
3. Use a spending plan to track income and expenses.	☐	☐	☐	☐	☐
4. Reduce impulse spending and cut unnecessary expenses.	☐	☐	☐	☐	☐
5. Review income and expenses before making a large purchase.	☐	☐	☐	☐	☐
6. Pay bills on time each month.	☐	☐	☐	☐	☐
7. Review bills each month for accuracy.	☐	☐	☐	☐	☐
8. Compare prices before making purchases.	☐	☐	☐	☐	☐
9. Learn how to re-establish credit.	☐	☐	☐	☐	☐
10. Search for more favorable credit terms as credit standing improves.	☐	☐	☐	☐	☐

When did you file for bankruptcy? ______ month ______year

Which Chapter did you file under?
- ☐ Chapter 7
- ☐ Chapter 13 → Start date of repayment plan: ______ month ______year

Did you file a single or joint petition?
- ☐ Single
- ☐ Joint

In what county and state did you file for bankruptcy? ________________ County ________________ State

Prior to filing for bankruptcy, did you receive **financial counseling** through CCA/CCCS?
- ☐ Yes
- ☐ No → Which agency did you receive counseling from? ____

When did you complete the **financial counseling** requirement? ______ month ______year

Think back to your counseling session. Please indicate how much you agree with the following statement.

As a result of the **counseling session**, I feel my overall ability to manage my finances has improved.
- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

U.S. Department of Justice

U.S. Trustee Program

Financial Education Study
Post-Instruction Questionnaire

You have completed the debtor education class. Please fill out this second questionnaire. Once again, your answers are very important because they will help to improve the program. The questionnaire will take you about 10 minutes to complete.

Although you signed a form agreeing to participate in this research study and to answer the questions on this questionnaire, ***you are still free to refuse to answer any or all of the questions below***. If you decide not to answer some or all of the questions, we will not report this to anyone. Your deciding not to answer any questions will not influence your bankruptcy proceedings or judgments. And, if you refuse to answer any or all of the questions, your fee for this class will still be waived. All your answers will be kept strictly confidential and will be used only for this research.

If you are not sure about the correct answer to a question that you are willing to answer, ***please answer the question to the best of your ability—even if you have to guess at the correct answer***.

Please circle TRUE or FALSE for each of the following statements.

1.	Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	True	False
2.	Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	True	False
3.	Approximately 10% of an individual's credit score is determined by their payment history.	True	False
4.	Financial experts recommend having an emergency fund that is equal to 3-6 months worth of living expenses.	True	False
5.	A need is something that is unnecessary but desired, and a want is something that is a necessity.	True	False
6.	Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	True	False
7.	A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	True	False
8.	Credit reports contain information on past employers, race, and medical history.	True	False
9.	Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	True	False
10.	Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	True	False

Please indicate how much you agree with the following statement.

As a result of participating in this **<u>education program</u>**, I feel my overall ability to manage my finances has improved.

☐ Strongly agree
☐ Agree
☐ Disagree
☐ Strongly disagree

Would you recommend this program to others?

☐ Yes
☐ No

Now that you've completed the program, tell us what you plan to do for each financial practice. There is no "right" or "wrong" answer. (Choose only one answer for each financial practice.)

Financial Practice	Do not plan to do	Plan to do in the next month	Plan to do in the next 2-6 months	Have been doing for 1-6 months	Have been doing for more than 6 months
1. Set short and long-term financial goals.	☐	☐	☐	☐	☐
2. Save money regularly.	☐	☐	☐	☐	☐
3. Use a spending plan to track income and expenses.	☐	☐	☐	☐	☐
4. Reduce impulse spending and cut unnecessary expenses.	☐	☐	☐	☐	☐
5. Review income and expenses before making a large purchase.	☐	☐	☐	☐	☐
6. Pay bills on time each month.	☐	☐	☐	☐	☐
7. Review bills each month for accuracy.	☐	☐	☐	☐	☐
8. Compare prices before making purchases.	☐	☐	☐	☐	☐
9. Learn how to re-establish credit.	☐	☐	☐	☐	☐
10. Search for more favorable credit terms as credit standing improves.	☐	☐	☐	☐	☐

Demographics

What is your age?
- ☐ Under 26
- ☐ 26-35
- ☐ 36-45
- ☐ 46-55
- ☐ 56-65
- ☐ Over 65

What is your **highest** level of education?
- ☐ Less than high school
- ☐ High school (or GED)
- ☐ Some college
- ☐ College degree (B.A., B.S.)
- ☐ Graduate school (M.A., M.B.A, Ph.D.)

What is your current marital status?
- ☐ Married
- ☐ Divorced/Separated
- ☐ Widowed
- ☐ Single/Never married

What is your gender?
- ☐ Male
- ☐ Female

How do you describe yourself? (Check the one that best applies)
- ☐ African-American/Black
- ☐ Caucasian/White
- ☐ Asian/Pacific Islander
- ☐ American Indian/Alaskan Native
- ☐ Other ______________________

What is your ethnicity?
- ☐ Hispanic/Latino
- ☐ Not Hispanic/Latino

What is your current work status?
- ☐ Working full-time
- ☐ Working part-time
- ☐ Not currently working

What is your household income **before taxes** (include all sources of income)?
- ☐ $0 (Not working)
- ☐ $1-$20,000
- ☐ $20,001-$40,000
- ☐ $40,001-$60,000
- ☐ $60,001-$80,000
- ☐ Over $80,000

Please rate the instructor(s), materials, and overall program by checking the box that best applies.

	Not Helpful	Somewhat Helpful	Helpful	Very Helpful
Instructor(s)	☐	☐	☐	☐
Educational Materials	☐	☐	☐	☐
Overall Program	☐	☐	☐	☐

Comments

What did you like the most about this program?

How could this program be improved?

As a result of participating in this program, what steps or actions will you take to improve your financial situation?

Thank you for completing this questionnaire.
We appreciate your help as we strive to improve the debtor education class.

U.S. Department of Justice

U.S. Trustee Program

Financial Education Study

Follow-Up Questionnaire

==

AP/GK: May I please speak to __First Name or Full Name of Respondent__

==

[AP/GK: IF NECESSARY: I'm calling to do a brief follow-up interview related to a Financial Education training he/she attended a few months ago. He/she should remember that we would be calling, should take only about 5-7 minutes.]

[IF RESPONDENT IS NOT AVAILABLE: RECORD BEST TIME AND NUMBER TO REACH THEM]
[IF RESPONDENT IS NO LONGER AT THIS NUMBER: REQUEST NEW NUMBER / ALTERNATIVE NUMBER TO REACH RESPONDENT AND BEST TIME TO REACH THEM.]

==

[ONCE RESPONDENT IS ON THE PHONE:

Hello, my name is ____________. I'm calling to do the very brief follow-up interview related to the Financial Education class you attended several months ago. Hopefully you remember that we would be calling you in a few months. This short interview should take only about 5-7 minutes of your time.

[IF NECESSARY: I can read you some additional background:

In 2005, Congress enacted legislation that requires individuals who have filed for Chapter 7 or Chapter 13 bankruptcy to participate in a debtor education program. In response to this Congressional mandate, the Executive Office for United States Trustees within the U.S. Department of Justice developed a debtor education class. You may recall that several months ago you completed a questionnaire at the beginning and end of that class and had agreed to answer a follow-up questionnaire at a later date. We are now conducting the follow-up survey as part of our research study.]

[IF NECESSARY / HELPFUL FOR COOPERATION: Your participation in this brief follow-up interview is important to the success of this study and it will help us learn whether debtor education helps other individuals like yourself or whether the training needs to be improved. By participating, you will be contributing to an important national effort to improve debtor education.]

As before, your decision to answer these questions is entirely voluntary, and you may refuse to answer any or all of the questions. If you decide not to answer any or all of the questions, or decide not to participate any further in the study, we will not report this to anyone. Your deciding not to answer the questions or not to participate in the study will not influence your bankruptcy proceedings or judgments.

If you are not sure about the correct answer to a question that you are willing to answer, please answer the question to the best of your ability—even if you have to guess at the correct answer.

Q1. Please tell me whether each of the following statements are "True" or "False": [Read Item]

11. Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	True$_1$	False$_2$
12. Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	True	False
13. Approximately 10% of an individual's credit score is determined by their payment history.	True	False
14. Financial experts recommend having an emergency fund that is equal to 3-6 months worth of living expenses.	True	False
15. A need is something that is unnecessary but desired, and a want is something that is a necessity.	True	False
16. Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	True	False
17. A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	True	False
18. Credit reports contain information on past employers, race, and medical history.	True	False
19. Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	True	False
20. Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	True	False

Q2. Since completing the training program, please tell me whether you [read item] [then read scale response list]. There is no right or wrong answer.

(SELECT ONE RESPONSE FOR EACH FINANCIAL PRACTICE.)

Financial Practice	Do not plan to do	Plan to do in the next month	Plan to do in the next 2-6 months	Have been doing for 1-6 months	Have been doing for more than 6 months
1. Set short and long-term financial goals.	☐1	☐2	☐3	☐4	☐5
2. Save money regularly.	☐1	☐2	☐3	☐4	☐5
3. Use a spending plan to track income and expenses.	☐1	☐2	☐3	☐4	☐5
4. Reduce impulse spending and cut unnecessary spending.	☐1	☐2	☐3	☐4	☐5
5. Review income and expenses before making a large purchase.	☐1	☐2	☐3	☐4	☐5
6. Pay bills on time each month.	☐1	☐2	☐3	☐4	☐5
7. Review bills each month for accuracy.	☐1	☐2	☐3	☐4	☐5
8. Compare prices before making purchases.	☐1	☐2	☐3	☐4	☐5
9. Learn how to re-establish credit.	☐1	☐2	☐3	☐4	☐5
10. Search for more favorable credit terms as credit standing improves.	☐1	☐2	☐3	☐4	☐5

Q3. Please tell me whether there were any other changes you have made in your financial practices. Probe: Any others?

1.
2.
3.

Q4a. Please tell me what best describes how your overall financial position has changed since completing the program. Has your [read item] [then read scale response list]

Q4b. **[For each "Decreased" or "Increased" response also ask:]** **Approximately how much did it change?**

Q4a.	**Decreased**	**No Change**	**Increased**	**Q4b. Approximately how much did it change? (Enter $0 if "No Change.")**
Monthly income	☐$_1$	☐$_2$	☐$_3$	$ ______________
Monthly expenses	☐$_1$	☐$_2$	☐$_3$	$ ______________
Total savings	☐$_1$	☐$_2$	☐$_3$	$ ______________
Total debt	☐$_1$	☐$_2$	☐$_3$	$ ______________

Q5. As a result of the program, have you achieved any of your personal goals, for example: buying a car, paying down debt, or opening a checking account ?

☐$_1$ Yes What was the single most important goal you achieved? ______________________________

____

☐$_2$ No What things have prevented you from achieving your goals? ___________________________

____

Q6. How are you managing your money differently since participating in the debtor education program?

____

____

____

____

____

____

____

____

____

That was my last question. Thank you for taking the time to complete this interview. We appreciate your help in improving this educational program.

Appendix C

Instructor Checklist

Please fill out this form ***immediately*** after each debtor education class you teach and include it in the self-addressed, pre-stamped Federal Express mailer with the debtor permissions for Christina Dyous, Abt Associates Inc., 55 Wheeler Street, Cambridge MA 02138

Your name (please print): ________________________________
Date of class: _______________________ Location of class: ____________________

Number of participants in class today who were:

> debtors taking the class as required by the new law in order to be discharged from bankruptcy ***who filled in the questionnaires***: ____________
>
> debtors taking the class as required by the new law in order to be discharged from bankruptcy who ***refused*** to fill in the questionnaires: ____________
>
> other participants who attended the class ***but not as a requirement of being discharged*** from bankruptcy (e.g., lawyers, family members, observers, supervisors) ___________

Debtor education curriculum taught:

- ☐ Education Development Center (EDC)
- ☐ CCA
- ☐ Cooperative Extension
- ☐ TEN (specify district) _________________
- ☐ Other (please specify) _________________

1. Were you trained to teach the debtor education curriculum you checked off above?

   - ☐ Yes: Who trained you? _______________________________________
   - ☐ No

2. How long was ***the actual teaching portion of the class***, excluding administration of the pre- and post-questionnaires and administrative tasks (such as registering the participants)? Please check the box that represents the closest approximation to the length of the class.

   - ☐ less than 1 hour
   - ☐ 1-1/2 hours
   - ☐ 2 hours
   - ☐ 2-1/2 hours
   - ☐ 3 hours
   - ☐ 3-1/2 hours
   - ☐ 4 hours
   - ☐ more than 4 hours (please specify number of hours) ___________

3. Did any participants miss more than 20 minutes of instruction?

- ☐ Yes
- ☐ No

4. Were you unable for any reason to cover any of the material in the curriculum?

- ☐ Yes
- ☐ No (skip to question 5)

If Yes: Which topic or topics of the curriculum were you unable to cover as planned?

____
____
____

5. Did any debtors in the class appear to have significant difficulty understanding English?

- ☐ Yes How many participants had difficulty? ________
- ☐ No
- ☐ Don't know

6. Please indicate whether you showed either of the optional videos:

- ☐ Yes, I showed the video "Lifelines—Family Budget."
- ☐ Yes, I showed the video "Rent to Own."
- ☐ No, I did not show either video.

7. Did you have any difficulty administering the pre-instruction and post-instruction questionnaires?

- ☐ Yes
- ☐ No

If so, what was the nature of the difficulty?

____
____
____
____
____

Thank you for taking the time to provide this information. Please include this checklist with the other materials you Federal Express to Abt Associates. Feel free to contact Christina Dyous, Survey Manager, at (617) 349-2509, Christina_Dyous@abtassoc.com, or Peter Finn, the project director, at (617) 349-2739, Peter_Finn@abtassoc.com, with any questions.

Appendix D

Guide for Observing Instructors

I. Curriculum

A. Did the instructor:

1. adhere approximately to the time spans suggested by the curriculum for each major topic area?

   ☐ Yes
   ☐ No—which topic areas received significantly more or less attention?
   ____

2. omit any major topics in the curriculum?

   ☐ Yes —which topics were omitted?
   ____

   ☐ No

3. appear to be “teaching to the test”?

   ☐ Yes
   ☐ No

4. show either of the optional videos to the class? (academic classes only)

   ☐ did not show either video
   ☐ showed one video
   ☐ showed both videos

B. How long did the actual instruction last?

__ hour(s) and ___ minutes

C. How effective was the instructor as a communicator of the information—that is, how good a teacher was the person?:

☐ very effective
☐ effective
☐ somewhat effective
☐ not very effective
☐ uneven—effective on some topics but not on others

D. Did students appear to have difficulty understanding any aspects of the curriculum?

☐ Yes

If Yes:

Specify which aspects:

____

____

____

☐ No

II. Informed Consent Form

A. Did the instructor:

1. explain that the questionnaires are evaluating the curriculum, not the debtors?
   ☐Yes ☐No
2. refrain from referring to the questionnaires as “tests”?
   ☐Yes ☐No
3. explain that the questionnaires are only for debtors in bankruptcy?
   ☐Yes ☐No
4. explain the importance of providing all the contact information?
   ☐Yes ☐No
5. in general, properly explain the informed consent form to the participants?
   ☐Yes ☐No
6. rush participants to fill it out?
   ☐Yes ☐No
7. collect all the forms?
   ☐Yes ☐No

B. Did participants have any questions about the form?

☐ Yes

If Yes:

1. What did they ask?

____

____

____

2. How did the instructor respond?

____
____
____
____

☐ No

C. Were there any late arrivals?

☐ Yes

If Yes:

1. Did the instructor attempt to have them complete the forms?
☐Yes ☐No

☐ No

III. Pre-Instruction Questionnaire

A. Did the instructor:

1. emphasize the importance of answering every question? ☐Yes ☐No
2. prohibit participants from helping each other out in answering the questions (if participants made the attempt)? ☐Yes ☐No ☐NA
3. avoid explaining what the questions mean? ☐Yes ☐No
4. in general, properly explain the questionnaire to participants? ☐Yes ☐No
5. rush participants to fill it out? ☐Yes ☐No
6. collect all the questionnaires? ☐Yes ☐No

B. Did participants have any questions about the questionnaire or questions?

☐ Yes

If Yes:

1. What did they ask?

____
____
____
____
____

2. How did the instructor respond?

____

____

____

____

____

☐ No

IV. Post-Instruction Questionnaire

A. Did the instructor:

1. emphasize the importance of answering every question? ☐Yes ☐No
2. prohibit participants from helping each other out in answering the questions (if participants made the attempt)? ☐Yes ☐No ☐NA
3. avoid explaining what the questions mean? ☐Yes ☐No
4. in general, properly explain the questionnaire to participants? ☐Yes ☐No
5. rush participants to fill it out? ☐Yes ☐ No
6. collect all the questionnaires? ☐Yes ☐No

B. Did participants have any questions about the questionnaire or questions?

☐ Yes

If Yes:

1. What did they ask?

____

____

____

____

____

2. How did the instructor respond?

____

____

____

____

☐ No

D. Did any participants leave early or try to leave early before completing the questionnaire?

☐ Yes
☐ No

E. Was there a language barrier among any of the participants?

☐ Yes.

If Yes:

1. How many participants had a language barrier? (circle one answer)

1 2 3-5 6 or more

2. In general, how severe was the language barrier?

☐ could not read English at all
☐ had significant difficulty reading English
☐ had some difficulty reading English
☐ could not determine this

3. How did the instructor respond?

____
____
____
____
____

☐ No

V. Instructor Checklist

A. Did the instructor fill out the checklist:
☐ Yes

If Yes:

1. without prompting? ☐Yes ☐No
2. right after the class? ☐Yes ☐No

☐ No

B. Did the instructor’s information on the checklist jibe with your perception of what happened during the class?

- ☐ Yes
- ☐ No

If No:

1. What were the differences?

____
____
____
____

Appendix E

Guide for Interviewing Instructors

I. **Curriculum**

A. How long did the actual instruction last?

__ hour(s) and ___ minutes

B. Did you show either of the optional videos to the class? (academic classes only)

☐ did not show either video
☐ showed one video
☐ showed both videos

C. Were there any topic areas you felt that participants had difficulty understanding?

☐ Yes.
If Yes:

1. Which topic areas?

Topic Area: ____
Topic Area: ____
Topic Area: ____

☐ No

D. Is the curriculum properly targeted to the students' incoming level of knowledge?

☐ Yes
☐ No.

If No:

1. In what way is it improperly targeted?

☐ provides information they already know
☐ fails to provide information they need
☐ other (specify)
____
____
____

E. The curriculum identifies time periods for the major topic areas. Did you spend significantly more or less time on any topic areas than the curriculum suggested?

☐ Yes.

If Yes:

1. Which topic areas did you spend more or less time on?

Topic Area: ____

more time less time

Topic Area: ____

more time less time

Topic Area: ____

more time less time

Topic Area: ____

more time less time

☐ No

F. Were there any topic areas you had or chose to omit?

☐ Yes.

If Yes:

1. Which topic areas did you omit?

Topic Area: ____

Topic Area: ____

Topic Area: ____

Topic Area: ____

☐ No

II. Informed Consent Form

G. Did participants have any difficult completing the informed consent form?

☐ Yes.

If Yes:

1. What were the difficulties they expressed or you observed?

☐ language barriers
☐ poor attention span
☐ comprehension difficulties
☐ concern about agreeing to be contacted
☐ reluctance to give personal contact information
☐ other (specify)

____
____
____

☐ No

III. Pre-Instruction Questionnaire

H. Did participants have any difficult completing the pre-instruction questionnaire?

☐ Yes.

If Yes:

1. What were the difficulties they expressed or you observed?

☐ language barriers
☐ poor attention span
☐ comprehension difficulties
☐ concern about agreeing to be contacted
☐ reluctance to give personal contact information
☐ other (specify)

____
____
____

☐ No

IV. Post-Instruction Questionnaire

I. Did participants have any difficult completing the post-instruction questionnaire?

- ☐ Yes.

  If Yes:

  1. What were the difficulties they expressed or you observed?

     - ☐ language barriers
     - ☐ poor attention span
     - ☐ comprehension difficulties
     - ☐ concern about agreeing to be contacted
     - ☐ reluctance to give personal contact information
     - ☐ other (specify)

     ____

     ____

     ____

- ☐ No

J. Did any participants leave early, or try to leave early, before completing the questionnaire?

- ☐ Yes
- ☐ No

K. Was there a language barrier among any of the participants?

- ☐ Yes.

  If Yes:

  1. How many participants had a language barrier? (circle one answer)

     1   2   3-5   6 or more

  2. In general, how severe was the language barrier?

     - ☐ could not read English at all
     - ☐ had significant difficulty reading English
     - ☐ had some difficulty reading English
     - ☐ could not determine this

- ☐ No

V. Instructor Checklist

L. Did you have any difficulty filling out the checklist?

☐ Yes.

If Yes:

1. What were the difficulties?

____
____
____
____

☐ No

Appendix F

Training Protocol for Training Instructors to Administer Pre-Instruction Questionnaire and Post-Instruction Questionnaire

The guidelines below are intended to provide guidance in how to train debtor education instructors (facilitators) in administering the pre-instruction questionnaire and the post-instruction questionnaire.

(1) Provide instructors with a brief overview of the evaluation.

(a) Begin by explaining that Abt Associates Inc., a research firm based in Cambridge, Massachusetts, is evaluating the impact of the curriculum on debtors who attend the debtor education classes.

(b) Make clear to the instructors that ***Abt Associates is not evaluating <u>them</u>***. Abt Associates is evaluating ***the curriculum*** to see if it effective and, if not, determine how it needs to be improved. No reports that Abt Associates prepares will provide the names of instructors or connect the instructors with the results of the evaluation for their classes.

(c) Indicate that there are seven basic things the instructors will need to do to facilitate the evaluation:

(i) Briefly explain the evaluation to each class of debtors.
(ii) Pass out a packet of materials to each debtor in the class.
(iii) Instruct the debtors to complete the permission ("informed consent") form.
(iv) Instruct the debtors to fill out the pre-instruction questionnaire before the instructors begin to teach the curriculum.
(v) Instruct the debtors to fill out the post-instruction questionnaire after the instructors have finished teaching the curriculum.
(vi) Fill out the Instructor Observation Checklist, recording any problems the instructors had administering the questionnaire.
(vii) Federal Express the packets (permission form, pre- and post-instruction questionnaires) for each debtor to Abt Associates.

(2) Explain that this training will provide each instructor with all the information he or she will need to perform these tasks.

(a) However, they are free to contact Abt Associates at any time with questions or concerns. They may call or e-mail the following Abt Associates staff:

Peter Finn, Project Director:
Peter_Finn@abtassoc.com, (617) 349-2739
Greg Mills, Co-Principal Investigator:
Greg_Mills@abtassoc.com, (617) 349-2823

(b) In addition, explain that you will provide the instructors with ***written guidelines to take home*** and refer to after the training to refresh their memory of the procedures for administering the questionnaires.

(3) Tell the instructors that Abt Associates will be sending them packets to distribute to debtors who participate in each class. Each packet will contain three things:

- a Consent (Permission) Form,
- a Pre-Instruction Questionnaire,
- a Post-Instruction Questionnaire.

Abt Associates will send the instructors a different set of packets for each class they will be teaching.

(4) Now pass out a sample packet to each instructor.

(5) Warn the instructors that they need to plan to ***allow 10-15 minutes*** to administer the consent form and pre-instruction questionnaire, and ***another 5-10 minutes*** to administer the post-instruction questionnaire.

NOTE: Tell the instructors ***never to refer to the questionnaires as "tests."*** This tends to make people nervous and gives them the impression that they must "pass" the test in order to complete the program. You, too, as the trainer, should never refer to the questionnaires as "tests" to reinforce this concept. Please correct the instructors each time they refer to the questionnaires as "tests."

(6) Review with the instructors the following suggested language for introducing the questionnaires to the participants.

(a) "First, let me explain that ***only those of you who are in bankruptcy*** and are taking this class because you are required to under the bankruptcy law will fill out the questionnaires. If there are members of the class who are here to observe but who are not in bankruptcy right now, you will not be given the questionnaires. Please raise your hands if you are not in bankruptcy."

(b) The instructor then needs to count and make note of who these individuals are and not provide them with a packet. It is essential that ***only people who are attending the class because they are in bankruptcy fill out the questionnaires***; otherwise, Abt Associates will not be able to distinguish debtors from other participants, and the evaluation focuses on the impact of the curriculum on debtors, not other types of people. The instructor should ***record on the Instructor Observation Checklist the number of attendees in the class who are debtors taking the class and non-debtors who are just observing or accompanying debtors (e.g., lawyers)***.

(c) "My understanding is that you have already been told that Abt Associates, a research company in Cambridge, Massachusetts, is evaluating the curriculum I'm going to be teaching you today. As part of the evaluation, I am going to hand out two questionnaires today. You will fill out one before the class and one immediately after the class. Each questionnaire will take you about 5-10 minutes to fill out. About three months from now, Abt Associates will then contact you to complete a brief follow-up questionnaire."

(d) "This is not a test in the sense that you will be graded on your answers. Abt Associates is evaluating ***the curriculum, not you***."

(e) "Abt Associates will keep your responses to these questionnaires completely confidential and not connect any of your answers with your names."

(f) "I will not have access to your answers, and neither will anyone associated with your bankruptcy. Your participation in the evaluation will not affect your bankruptcy case in any way."

(7) At this point, explain that the instructors pass out one packet per debtor.

(8) Tell the instructors to tell the participants that "You will see that on the top of the packet is a permission form for you to read. After you read the form, if you agree to fill out the questionnaires, please sign and print your name in the space half way down the form."

(a) The instructors should tell the debtors to "Feel free to ask me any questions at any time as you read the permission form."

(b) Explain to the instructors that, on the one hand, they need to explain to the debtors <u>***that it is important that they fill out all the contact information requested at the bottom of the permission form***</u>. On the other hand, explain to the instructors that some participants may resent having to provide this information. As a result, instructors should <u>***not belabor the point, mention it only once, and keep it simple***</u>. For example, instructors might say:

> "The bottom of the permission form asks you to provide contact information so that the evaluator can reach you after three months for the follow-up questionnaire. Please fill in as much of the information as you can. The more information you provide, the easier it will be for the evaluator to recontact you in three months."

(c) The instructors should collect the completed permission forms before proceeding. Then, the instructors need to ***check to make sure they have a permission form for every debtor***. Instructors should check to see if any participant forgot to include a zip code or area code and, if so, to ask the person(s) to fill in that missing information.

(9) After every debtor has completed a permission form, tell the instructors to instruct the debtors to pull out and answer the questions on the pre-instruction questionnaire that is printed on white paper. Instructors should remind participants that there is another questionnaire, printed on beige paper, in a separate sealed envelope. The instructors need to make clear to the debtors that ***they are not to open that envelope until they tell them to after the class is over***.

(a) Instructors should tell the class that participants who are declining to participate in the study should also pull out the questionnaire and to hand it to the instructors. While the other debtors are filling out their questionnaires, instructors can use the time to:

(i) ***write REFUSED on each of these questionnaire,***
(ii) ***match the numbers*** in the upper-right hand corner of the blank questionnaires with the same number on the permission forms of debtors who have declined to participate in the study, and
(iii) ***clip the two forms together***.

(b) Instructors should ask participants to ***fill out every question*** to the best of their ability.

(c) Instructors should tell participants not to help each other fill out the questionnaire—and be alert in case that happens to stop it.

(d) Explain that debtors may ask questions while filling out the questionnaires. Tell the instructors ***not to attempt to explain what a question means*** in their own words or to help participants get the "right" answer. Instead, tell instructors to tell participants to "Just answer the questions as best you can. I'm sorry, but I'm not allowed to explain any of the questions." However, instructors should make note of any problems participants raised on the Instructor Observation Checklist (see below).

(e) Instructors collect the completed pre-instruction questionnaires.

(10) After teaching the class, instructors then instruct debtors to open up and complete the post-instruction questionnaire printed on beige paper.

(a) The instructors need to tell the class that participants who are not participating in the study should also pull out the beige-colored post-instruction questionnaire and turn it in to them. While the other participants are completing their questionnaires, the instructor needs to ***write "REFUSED" on each of the blank post-instruction questionnaires*** they just collected. As before, with the pre-instruction questionnaire, instructors need to:

(i) ***match the numbers*** in the upper-right hand corner of the blank post-instruction questionnaires with the same number on the permission forms and blank pre-instruction questionnaires of debtors who have declined to participate in the study, and

(ii) ***clip the three forms together***.

(b) Instructors ***must have some other activity, no matter how brief, that debtors must engage in <u>after</u> they fill out the questionnaire and <u>before they may leave</u> to go home.*** If instructors make filling out the post-instruction questionnaire the last item of business of the day, some debtors may rush through the questionnaire or not fill it out completely. For example, the instructor could simply require debtors to answer two final questions about the curriculum after completing the questionnaire and before they may leave. Instructors need to make sure the room is quiet as participants fill out the questionnaire.

(c) Instructors collect the completed post-instruction questionnaires.

(d) Tell the instructors to make sure they have a post-instruction questionnaire turned in by every debtor (including participants who have declined to participate in the study).

(11) Pass out a copy of the Instructor Observation Checklist to each instructor. Explain that they need to ***complete the checklist immediately after the class*** so that they don't forget to do so and also before they forget what went on during the class (for example, how many participants missed more than 20 minutes of instruction). Ask the instructors to read the checklist to see if they have any questions about the information requested.

(12) Tell the instructors to Federal Express all the packets, along with the Instructor Observation Checklist, to Abt Associates in one of the Federal Express mailers provided to them.

(a) Before mailing the forms, instructors should ***check to see that each packet has three forms*** and that ***the questionnaire numbers in the upper right-hand corner of each of the three forms is the same for each participant's packet.***

(b) Instructors need to include both the questionnaires of participants who declined to answer the questionnaires and any extra entire packets that did not get used as well the completed forms.

(c) If and when they need more mailers, instructors should contact either of the Abt Associates staff listed above for additional ones.

(13) Pass out copies of the instructor guidelines for them to take home as a reference document.

(14) Finally, warn the instructors that the following issues may arise and how to address them.

(a) In checking to see that participants did not omit any contact information from the permission form ***by mistake*** [see (9) (c) above], instructors should ask them to fill in only information that they have obviously forgotten to write down, such as telephone area codes and mailing zip codes. Instructors should not ask participants to write down any other missing information, such as their e-mail address or the name and contact information for a relative or friend, that is missing ***because participants may not be willing to provide it***.

(b) If any participants arrive late—that is, after the other participants have completed the permission form and pre-instruction questionnaire—instructors should not attempt to have them complete the forms. Instructors should just note the tardiness on the Instructor Observation Checklist.

(c) The fliers advertising the class will make clear that applicants must be able to read and understand English. If there are any participants in the class who cannot (for example, they have brought a translator with them), instructors should not give them the questionnaires to fill out. However, once again, instructors should note this occurrence on the Instructor Observation Checklist.

Appendix G

Technical Appendix

This appendix provides statistical explanations and supplementary information related to parts of the data analysis in chapter three.

Significance Testing

In several exhibits in chapter three, we describe some differences as “statistically significant.” These tests are based on paired comparisons of pre-instruction questionnaire scores with post-instruction questionnaire scores. Correct answers were scored as one. All other answers (incorrect or non-response) were scored as zero. The difference between pre-instruction questionnaire and post-instruction questionnaire scores can thus be zero (unchanged), one (incorrect answer changed to correct answer), or negative (minus) one (correct answer changed to incorrect answer). If the 90 percent confidence interval for the mean of this change score exceeded zero, we marked the difference as statistically significant at level .05. (We used one-tailed tests because our alternate hypothesis was that training increased knowledge.)

The six districts in this study were chosen as a pilot test of a curriculum that might be offered nationally. Because responses of debtors within a judicial district are correlated (perhaps because they had the same instructor), their responses are not statistically independent. This means that results differed from one district to the next. Our hypothesis tests refer not to the question of whether debtors in these particular districts learned from the instruction but whether, if the curriculum were offered nationally, the average across all districts like them would be positive. We took this district variation into account in computing the variances on which our significance tests are based by treating the districts as primary sampling units in a cluster sample. Thus, the variance of a total is:

$$V = \frac{6}{5}\sum_{i=1}^{6}\left(\sum_{j=1}^{n_j} x_{ij} - \bar{z}\right)^2$$

where $\bar{z} = \frac{1}{6}\sum_{i=1}^{6}\sum_{j=1}^{m_j} x_{ij}$ and the variance of the mean is computed similarly.

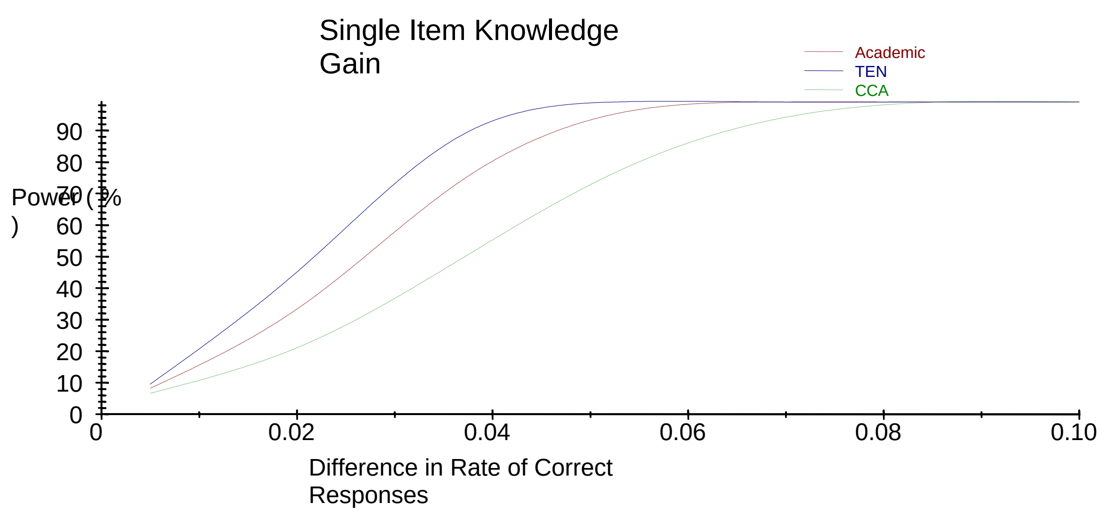
For debtors taught the Education Development Center (EDC) curriculum by academic providers, this variance more than doubles the width of the confidence interval. For debtors participating in the CCA and TEN classes, the variance has little effect.

These six districts are not a sample of the judicial districts in the United States. The Executive Office for United States Trustees chose them because debtor education programs could be delivered quickly there and because these districts had active TEN debtor education programs. Because these considerations might influence the effectiveness of the financial management classes for debtors that we evaluated, we cannot make statistically rigorous statements about how these findings might generalize to other judicial districts. If the districts were a sample, and these differences could be ignored, the confidence levels we computed would be appropriate for generalization to all judicial districts in United States.

Statistical Power

Statistical power is the probability that an effect will be detected as significant if it actually occurred. Our analysis of knowledge gains is based on paired t-tests of changes in each of 10 items. Correlations between pre-instruction and post-instruction questionnaire scores on individual items are in the range of 0.40 to 0.50, and 70 to 90 percent of debtors provided correct answers (see exhibit G-1). The power calculations are based on a correlation of 0.42 and a pre-instruction questionnaire mean of 0.71. If 4 or more percent of the debtors taught the EDC or TEN curriculum showed a knowledge gain, we had at least an 80 percent chance of detecting the gain and identifying it as statistically significant using a one-tailed level .05 test. Because the CCA sample of debtors is smaller, it has 80 percent power to detect an increase of 5.5 percent of the debtors.

Exhibit G-1 Statistical Power for Test of Knowledge Gain on the Post-Instructional Questionnaire



Response Rates

The analytic data for this study came from 2,426 debtors who consented to participate in the study and completed both a pre-instruction questionnaire and a post-instruction questionnaire that could be linked to each other.[24] We attempted three-month follow-up interviews with all of these debtors and reached about half (1,224). Most subgroups of debtors had nearly identical response rates to the three-month follow-up interview (exhibit G-2). There is, for example, no indication that better-informed debtors are either more or less likely to have responded than did other debtors. Only Hispanic debtors responded at a significantly lower rate than other did other ethnic groups (21 percent of Hispanic debtors participating in the academic classes and 36 percent participating in the TEN classes). Ten percent of the debtors in this study were Hispanic. Because their numbers were small, and their responses were generally similar to those of other debtors, this low response rate had no perceptible effect on the statistics presented in this report.[25]

Exhibit G-2 Three-Month Interview Response Rate for All Debtors and Selected Subgroups

Debtor Variable	Debtors Who Consented to Participate in The Study		Debtors Who Responded to Three-Month Interview*		Response Rate	
	EDC	TEN	EDC	TEN	EDC	TEN
All debtors	963	1,474	507	717	53%	49%
Hispanic	76	169	16	60	21%	36%
Black	331	525	182	270	55%	51%
Chapter 13	72	1,377	38	668	53%	49%
Female	568	788	311	383	55%	49%
Pre-Instruction questionnaire score at or above median	583	1,011	314	484	54%	48%
Under 46 years of age	532	755	265	343	50%	45%

* Approximately 41 percent of attendees who attended the EDC classes, and 33 percent of attendees who attended the TEN classes, responded to the three-month follow-up interview.

Number of Cases for Chapter Three Exhibits

For some tables in chapter 3, the number of cases is different for each cell of the table. These numbers of cases are presented in exhibits G-3 to G-5.

24 A few debtors were excluded from the analytic database because their pre-instruction questionnaire and post-instruction questionnaire could not be reliably matched.

25 We tested the sensitivity of key results to Hispanic non-response bias by post-stratifying the data to give Hispanic respondents additional weight in proportion to their representation in the pre-instruction questionnaire data. The statistics differed, if at all, in the third decimal place.

Exhibit G-3 Number of Cases for Knowledge Gains for Debtors Who Did Not Know the Correct Answers Before Coming to Class (Basis for Exhibit 3-5 in Chapter Three)

Knowledge Question	Number of Debtors Who Answered Incorrectly on the Pre-Instruction Questionnaire		
	EDC	TEN	CCA
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	105	149	95
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	114	121	57
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	237	260	92
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	50	67	88
Credit reports contain information on past employers, race, and medical history.	44	79	103
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	250	310	133
A need is something that is unnecessary but desired, and a want is something that is a necessity.	130	142	54
Approximately 10% of an individual's credit score is determined by their payment history.	213	303	222
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	276	417	146
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	281	337	122

Exhibit G-4 Number of Three-Month Interview Cases for Knowledge Gains for Debtors Who Did Not Know the Correct Answers Before Coming to Class (Basis for Exhibit 3-6 in Chapter Three)

Knowledge Question	Number of Debtors Who Learned the Answer During Class	
	EDC	**TEN**
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	44	34
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	41	43
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	65	55
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	17	27
Credit reports contain information on past employers, race, and medical history.	11	17
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	69	90
A need is something that is unnecessary but desired, and a want is something that is a necessity.	30	26
Approximately 10% of an individual's credit score is determined by their payment history.	29	37
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	63	107
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	81	68

Exhibit G-5 Number of Three-Month Interview Cases for Knowledge Gains for Debtors Who Did Not Know the Correct Answers Before Coming to Class (Basis for Exhibit 3-6 in Chapter Three)

Knowledge Question	Number of Debtors Who Answered Incorrectly on the Pre-Instruction Questionnaire	
	EDC	**TEN**
Debtors learned about some topics		
A debt-to-income ratio of more than 20% may indicate that a person has borrowed too much relative to their income.	53	63
Financial experts recommend having an emergency fund that is equal to 3-6 months' worth of living expenses.	62	61
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses.	116	126
Credit reports can affect an individual's ability to get a job, purchase a home, and obtain home and auto insurance.	31	37
Credit reports contain information on past employers, race, and medical history.	27	39
But not about others		
Gross income is defined as income after taxes and other withholdings have been subtracted from net income.	127	161
A need is something that is unnecessary but desired, and a want is something that is a necessity.	60	65
Approximately 10% of an individual's credit score is determined by their payment history.	114	157
Goals should only be made for long-term plans such as homeownership, college tuition, or retirement.	146	219
Fixed expenses are expenses that typically change from month to month such as food, clothing, and utilities.	141	170

Appendix H

Analysis of Instructor Qualifications and Presentations

As part of our process evaluation, we conducted a limited examination of the instructors' relevant experience for teaching the financial management classes. (Limited funds prevented our conducting a full examination.)

Examination Methodology

- We requested and received résumés from 15 of the 31 instructors who participated in the evaluation for appropriate training and experience (see exhibit H-1).

  -- We requested and received résumés from 10 of the 13 instructors who taught the EDC curriculum and worked for the academic providers. We included the résumés of 1 to 3 instructors from each of the 5 academic providers. We requested résumés from 1 or 2 instructors from each of three of the six academic providers because they were the only instructors associated with the providers who participated in the study. We selected 2 instructors from whom to request résumés from the other three academic providers because each provider had several instructors participating in the study. We selected these instructors systematically—that is, we alphabetized the instructors' names and then picked every other instructor. All the instructors from whom we requested résumés provided them.

  -- We systematically requested and received résumés from 2 of the TEN instructors participating in the study and 2 of the CCA instructors participating in the study.

- We observed the classes of 9 instructors for quality of presentation, including 6 academic provider instructors, 1 TEN instructor, and 2 CCA instructors. We selected systematically one class to observe from among each of the six academic providers, two TEN classes, and one CCA classroom presentation and one CCA telephone presentation.

Review of Instructor Résumés

Our purpose in examining the résumés was to determine the relevant experience of this sample of instructors for teaching the curriculums. If it turned out that a significant proportion of these 15 instructors was inexperienced, one possible explanation for the mixed effects the curriculums had on debtors might be that the instructors did not have the necessary experience to teach the curriculums effectively rather than that there were flaws in the curriculums.

We examined the résumés in terms of the instructors' (a) academic qualifications to teach financial management and (b) previous experience teaching financial management. As shown in exhibit H-2, we combined these two features into a single overall rating of their relevant experience.

Exhibit H-1 Number of Résumés Reviewed in Relation to Number of Instructors in the Study and Number and Percentage of Participants Enrolled

Curriculum Taught	Number of Instructors	Number of Résumés Reviewed	Number and Percent of Enrolled Participants
EDC	13	10	963/33%
TEN	8	2	1,474/50%
CCA	10	3	512/17%

As shown in exhibit H-2, we rated the instructors' training:

- "A" if they were accredited financial counselors;
- "B" if they had a degree in family and consumer science or a similar field; and
- "C" if their résumés failed to indicate any relevant educational qualifications to teach financial management.

We rated the instructors' experience teaching financial management as follows:

- "A" if they had taught financial management for three or more years and in two or more different settings;
- "B" if they had taught the subject for a minimal amount of time or in limited settings; and
- "C" if they had never previously taught the subject.

We calculated a total rating as follows:

- "highly experienced" for a rating of A for both educational qualifications and experience;
- "very experienced" for a rating of A on either measure and B on the other measure;
- "experienced" for a rating of B on both measures or a rating of A on one measure and C on the other measure;
- "marginally experienced" for a rating of B on either measure and a C on the other measure; and
- "not experienced" for a rating of C on both measures.

Exhibit H-2 Ratings of 15 Instructors' Experience

Instructor	Curriculum	Educational Qualifications	Experience	Overall Rating
1	EDC	A	A	highly experienced
2	EDC	A	A	highly experienced
3	EDC	A	A	highly experienced
4	EDC	B	A	very experienced
5	EDC	B	A	very experienced
6	CCA	B	A	very experienced
7	CCA	B	B	experienced
8	EDC	A	C	experienced
9	CCA	C	A	experienced
10	EDC	C	A	experienced
11	EDC	C	B	marginally experienced
12	EDC	C	B	marginally experienced
13	TEN	C	B	marginally experienced
14	TEN	C	C	not experienced
15	EDC	B	NA*	could not rate

Legend:
Educational Qualifications
A = accredited financial counselor
B = family and consumer science or similar degree
C = no or minimal relevant educational qualifications

Previous Experience Teaching Financial Management
A = taught for a number of years in different settings
B = taught for a minimal amount of time
C = never taught previously

* This instructor's résumé was ambiguous in terms of teaching experience.

Ten of the 15 instructors appeared from their résumés to have had relevant experience to teach the curriculums. Six of the 10 qualified instructors appeared to be highly or very experienced based on a combination of their academic credentials and extensive experience. Three instructors appeared to have marginal experience because their résumés identified no relevant training in the field and little, if any, experience teaching the subject. One instructor's résumé identified no relevant training and no previous teaching experience in the field. One instructor's experience teaching financial management could not be determined from the person's résumé.[26]

[26] Of course it is always possible that some instructors who apparently had little or no experience teaching financial management had more experience than their résumés reflected.

Observations of Debtor Education Classes

As noted, we supplemented our review of the instructors' résumés by observing 9 debtor education classes. Using the criteria identified in the box "Criteria Used to Assess Instructors' Effectiveness as Teachers," trained Abt Associates observers rated how effective the instructor was as a communicator of the information in the curriculum (very effective, effective, somewhat effective, not very effective, or uneven). As indicated in Exhibit H-3, all 9 instructors were rated as effective (3 instructors) or very effective (6 instructors).

Exhibit H-3 Ratings of 9 Instructors' Teaching Ability

	Curriculum		
Criteria	**EDC (n=6)**	**TEN (n=1)**	**CCA (n=2)**
Effectiveness of Instructor*			
Very effective	3	1	2
Effective	3	0	0
Somewhat effective	0	0	0
Not very effective	0	0	0
Uneven (effective on some topics but not others)	0	0	0
Adherence to Time Spans in Curriculum			
Yes	6	NA**	NA**
No	0		
NA	0		
Inclusion of Major Topics in Curriculum			
Yes	6	1	2
No	0	0	0

* See the box "Criteria Used to Assess Instructors' Effectiveness as Teachers."
** Curriculum did not provide recommended number of minutes for teaching different topic areas.

Observers also recorded information regarding the instructors' adherence to the curriculum in terms of the time spent on each of the major topic areas and coverage of major topic areas. The 6 instructors whose curriculums called for specific time spans for each topic area all adhered to the guidelines, and the 9 instructors all covered all of the major topic areas in their respective curriculums (see exhibit H-3).

Criteria Used to Assess Instructors' Effectiveness as Teachers

The Instructor:

- summarizes what he or she will be talking about and reviews material at the end of the class
- points out when he or she is making a particularly important point—that is, does not treat every topic as of equal importance
- does not read from notes or text but may occasionally refer to them
- makes eye contact with participants
- moves around rather than standing still in one place the whole time
- does not talk in a monotone but emphasizes things through changes in tone of voice and volume
- uses anecdotes—"war stories"—to help maintain participants' interest
- solicits audience participation through questions
- introduces films by telling participants what to look for and reviews films afterwards to highlight their key points

The Participants:

- do not fall asleep or appear to be day dreaming or chatting with each other
- are alert
- make eye contact with instructor
- take notes
- ask relevant questions

Summary

We cannot make generalizations with confidence from the 15 instructors whose résumés we examined and the 9 instructors whose classes we observed about the qualifications or experience of the entire group of 31 instructors who participated in the study. However, based on the systematically selected résumés of almost half the instructors and our observations of 9 instructors' classroom teaching, it appears that lack of training or experience among the instructors whose résumés we examined and whose teaching we observed is unlikely to explain much if any of the mixed improvement in the debtors' knowledge about and adherence to good financial management practices. Most of the instructors whose credentials we examined appear to have had relevant experience to teach the financial management curriculums, and all the instructors whom we observed appeared to be effective at communicating the information in their respective curriculums.

This conclusion is reinforced by the fact that the 4 instructors rated as marginally experienced or not experienced taught only 517 debtors, representing only 18 percent of the 2,962 debtors included in the study. Furthermore, we observed 1 of these instructors in the classroom and found the person implemented the curriculum very effectively despite dubious credentials on paper. Subtracting this instructor’s 194 students from the above data, we end up with only 323 students, or 11 percent of the 2,962 debtors in the study, taught by instructors whose experience on paper seems dubious. The breakdown by curriculum is as follows:

- The 2 of the 10 instructors taught the EDC curriculum who were rated as marginally experienced taught only 111 debtors, representing only 12 percent of the 963 debtors taught the EDC curriculum.

- The 2 of the 8 instructors who taught the TEN curriculum and were rated as marginally experienced or without experience taught 406 debtors, representing 28 percent of the 1,474 debtors taught by TEN instructors. However, as noted above, 1 of these instructors, who taught 194 of the 406 students, was observed to be highly qualified in the classroom. As a result, only 212 debtors were actually taught by an inexperienced or marginally inexperienced TEN instructor, representing only 14 percent of all debtors taught by TEN instructors. (Because we did not observe this instructor, it is possible that he or she, too, taught the class effectively despite the lack of experience evident on the person’s résumé.)

Finally, debtors’ comments on an open-ended question asking what they liked most about the class tended to confirm anecdotally our conclusion that the instructors were experienced and effective: 18 percent of the 70 percent of participating debtors who wrote in an answer singled out the instructor either by name or by writing in “speaker” or “instructor” as being the most important feature they liked about the class.

Appendix I

Details of Behavioral Change

As discussed in chapter three, immediately before the debtor education class began we asked participants 10 questions about financial practices that the curriculums sought to encourage. We asked the same questions again at the conclusion of the class. About one-quarter to one-third of debtors gave different answers to these questions after completing the class than they had given before the class. Not all of these changes were improvements, however. For example, 71 debtors who had planned to look for more favorable credit terms dropped these plans after completing the class. The two sets of exhibits that appendix provides complete tabulations of all changes in reported plans.

Debtors' Plans Immediately Before and After the Class to Improve Their Financial Practices, by Curriculum

Exhibits I-1 through I-10 show the distribution of plans reported by debtors by curriculum immediately before the class and again immediately after the class. Debtors could respond that they had no plans to follow a practice, that they had already been following it, or that they would begin following it in the months after class.

Exhibit I-1 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Set short and long-term financial goals

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	3	44	17	22	14	100
After Instruction	2	63	8	16	11	100
EDC						
Before Instruction	4	36	21	20	18	100
After Instruction	2	54	12	16	16	100
CCA						
Before Instruction	3	40	24	21	13	100
After Instruction	5	51	16	18	9	100

Exhibit I-2 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Save money regularly

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	4	48	26	14	9	100
After Instruction	1	63	14	13	8	100
EDC						
Before Instruction	4	40	30	15	11	100
After Instruction	2	56	16	14	11	100
CCA						
Before Instruction	4	45	30	14	7	100
After Instruction	3	54	24	14	5	100

Exhibit I-3 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Use a spending plan to track income and expenses

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	7	52	13	17	11	100
After Instruction	2	67	9	14	8	100
EDC						
Before Instruction	8	41	16	17	16	100
After Instruction	3	59	11	14	13	100
CCA						
Before Instruction	5	46	15	21	12	100
After Instruction	4	55	11	19	11	100

Exhibit I-4 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Reduce impulse spending and cut unnecessary expenses

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	2	41	5	30	23	100
After Instruction	1	52	3	26	18	100
EDC						
Before Instruction	3	37	8	29	24	100
After Instruction	1	52	5	22	20	100
CCA						
Before Instruction	3	35	7	31	24	100
After Instruction	2	42	4	29	22	100

Exhibit I-5 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Review income and expenses before making a large purchase

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	4	37	6	23	30	100
After Instruction	2	49	5	22	22	100
EDC						
Before Instruction	3	35	7	23	31	100
After Instruction	1	48	6	19	26	100
CCA						
Before Instruction	3	33	8	26	29	100
After Instruction	2	39	7	27	26	100

Exhibit I-6 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Pay bills on time each month

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	1	50	8	23	17	100
After Instruction	1	58	5	21	15	100
EDC						
Before Instruction	1	34	8	28	29	100
After Instruction	1	47	5	21	25	100
CCA						
Before Instruction	1	38	9	23	28	100
After Instruction	2	45	5	23	25	100

Exhibit I-7 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Review bills each month for accuracy

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	2	44	4	23	28	100
After Instruction	1	54	3	20	22	100
EDC						
Before Instruction	3	32	5	23	37	100
After Instruction	2	47	4	18	30	100
CCA						
Before Instruction	2	35	7	22	34	100
After Instruction	2	39	5	23	32	100

Exhibit I-8 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Compare prices before making purchases

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	2	33	4	21	40	100
After Instruction	1	45	3	22	29	100
EDC						
Before Instruction	3	25	5	24	44	100
After Instruction	1	39	4	20	35	100
CCA						
Before Instruction	3	33	8	19	37	100
After Instruction	2	35	8	22	33	100

Exhibit I-9 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Learn how to re-establish credit

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	7	52	20	12	10	100
After Instruction	5	62	14	11	8	100
EDC						
Before Instruction	8	46	21	15	11	100
After Instruction	5	57	14	13	11	100
CCA						
Before Instruction	9	44	23	14	10	100
After Instruction	5	51	20	16	8	100

Exhibit I-10 Debtors' Plans to Improve Financial Practices, by Curriculum, Before and After the Class

Search for more favorable credit terms as credit standing improves

TEN	No Plan	Next Month	In 2-6 Months	Done for 1-6 Months	Done for More Than 6 Months	Total
Before Instruction	14	39	27	10	10	100
After Instruction	10	53	18	10	9	100
EDC						
Before Instruction	13	36	30	11	11	100
After Instruction	8	51	21	10	10	100
CCA						
Before Instruction	14	39	29	10	8	100
After Instruction	9	45	29	9	7	100

Distribution of Debtors' Plans to Improve Their Financial Practices, Reported Immediately After the Class, for Debtors Who Gave a Particular Response Before the Class

The following 30 exhibits show the same responses, broken out by curriculum, but with each column of these tables showing the distribution of the debtors' responses immediately after the class for debtors who gave a particular response before the class.

-> provider = TEN

Set short and long-term financial goals.	Pretest: Set short and long-term financial goals. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.44	0.73	0.07	0.15	0.15	1.53
Next Month	2.11	39.01	11.35	6.91	3.35	62.74
In 2-6 Months	0.58	2.11	3.93	1.24	0.44	8.30
Done 1-6	0.07	1.82	1.16	11.72	1.16	15.94
Done > 6	0.00	0.51	0.51	1.60	8.88	11.50
Total	3.20	44.18	17.03	21.62	13.97	100.00

-> provider = EDC

Set short and long-term financial goals.	Pretest: Set short and long-term financial goals. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	1.25	0.34	0.34	0.11	0.00	2.05
Next Month	1.71	30.64	11.39	6.26	3.53	53.53
In 2-6 Months	0.46	2.28	6.95	1.48	0.46	11.62
Done 1-6	0.34	1.71	1.48	11.28	1.59	16.40
Done > 6	0.34	0.68	0.68	1.59	13.10	16.40
Total	4.10	35.65	20.84	20.73	18.68	100.00

-> provider = CCA

Set short and long-term financial goals.	Pretest: Set short and long-term financial goals. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.60	2.61	0.60	0.80	0.20	4.82
Next Month	1.20	29.92	12.25	6.02	2.01	51.41
In 2-6 Months	0.60	3.61	9.64	1.61	1.00	16.47
Done 1-6	0.20	2.81	1.41	11.04	2.61	18.07
Done > 6	0.00	0.60	0.20	1.20	7.23	9.24
Total	2.61	39.56	24.10	20.68	13.05	100.00

-> provider = TEN

Save money regularly.	Pretest: Save money regularly. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.58	0.51	0.15	0.07	0.00	1.31
Next Month	2.26	41.20	15.49	2.78	1.46	63.18
In 2-6 Months	0.29	3.21	8.84	1.02	0.37	13.73
Done 1-6	0.15	1.75	1.46	8.69	1.31	13.37
Done > 6	0.15	0.95	0.37	1.46	5.48	8.40
Total	3.43	47.63	26.30	14.02	8.62	100.00

-> provider = EDC

Save money regularly.	Pretest: Save money regularly. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	1.82	0.23	0.00	0.11	0.00	2.17
Next Month	1.94	33.07	14.94	3.65	2.62	56.21
In 2-6 Months	0.46	2.51	12.31	0.68	0.23	16.19
Done 1-6	0.00	2.17	2.17	9.01	0.91	14.25
Done > 6	0.23	1.71	0.11	1.48	7.64	11.17
Total	4.45	39.68	29.53	14.94	11.40	100.00

-> provider = CCA

Save money regularly.	Pretest: Save money regularly. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.60	1.00	1.00	0.20	0.20	3.01
Next Month	2.81	34.07	12.83	2.61	1.40	53.71
In 2-6 Months	0.60	6.01	15.23	1.40	0.80	24.05
Done 1-6	0.20	3.21	0.60	8.82	1.40	14.23
Done > 6	0.20	0.40	0.40	0.40	3.61	5.01
Total	4.41	44.69	30.06	13.43	7.41	100.00

-> provider = TEN

Use a spending plan to track income and expenses.	Pretest: Use a spending plan to track income and expenses. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.95	0.73	0.15	0.15	0.15	2.12
Next Month	4.31	45.69	7.97	5.63	2.92	66.52
In 2-6 Months	0.73	2.19	3.44	1.54	0.51	8.41
Done 1-6	0.29	1.97	1.24	8.99	2.19	14.69
Done > 6	0.44	1.02	0.15	0.80	5.85	8.26
Total	6.73	51.61	12.94	17.11	11.62	100.00

-> provider = EDC

Use a spending plan to track income and expenses.	Pretest: Use a spending plan to track income and expenses. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	1.83	0.57	0.00	0.23	0.00	2.64
Next Month	4.47	35.89	8.14	5.73	4.24	58.49
In 2-6 Months	1.49	1.49	6.31	1.03	0.34	10.67
Done 1-6	0.34	1.83	1.38	9.17	1.72	14.45
Done > 6	0.23	1.38	0.80	1.26	10.09	13.76
Total	8.37	41.17	16.63	17.43	16.40	100.00

-> provider = CCA

Use a spending plan to track income and expenses.	Pretest: Use a spending plan to track income and expenses. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	2.20	0.60	0.40	0.60	0.00	3.81
Next Month	2.20	37.88	7.62	4.81	2.40	54.91
In 2-6 Months	0.40	2.61	5.21	2.20	0.60	11.02
Done 1-6	0.00	3.41	1.60	12.02	2.00	19.04
Done > 6	0.20	1.60	0.60	1.40	7.41	11.22
Total	5.01	46.09	15.43	21.04	12.42	100.00

-> provider = TEN

	Pretest: Reduce impulse spending and cut unnecessary expenses					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.25	0.51	0.08	0.08	0.08	1.02
Next Month	1.10	34.78	2.54	8.91	5.00	52.33
In 2-6 Months	0.00	0.59	0.76	1.10	0.51	2.97
Done 1-6	0.25	3.14	0.68	17.90	3.90	25.87
Done > 6	0.25	1.53	0.25	2.29	13.49	17.81
Total	1.87	40.54	4.33	30.28	22.99	100.00

-> provider = EDC

	Pretest: Reduce impulse spending and cut unnecessary expenses					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.30	0.30	0.15	0.00	0.00	0.74
Next Month	1.48	32.79	2.97	9.79	4.30	51.34
In 2-6 Months	0.15	0.45	2.23	1.34	0.59	4.75
Done 1-6	0.45	2.08	1.34	16.02	2.82	22.70
Done > 6	0.00	1.48	0.89	1.78	16.32	20.47
Total	2.37	37.09	7.57	28.93	24.04	100.00

-> provider = CCA

	Pretest: Reduce impulse spending and cut unnecessary expenses					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.80	0.60	0.20	0.40	0.20	2.21
Next Month	1.61	27.71	3.01	5.82	4.02	42.17
In 2-6 Months	0.00	0.80	2.21	1.00	0.20	4.22
Done 1-6	0.20	4.42	1.00	20.28	3.21	29.12
Done > 6	0.40	1.20	0.60	3.82	16.27	22.29
Total	3.01	34.74	7.03	31.33	23.90	100.00

-> provider = TEN

	Pretest: Review Income and expenses before making a large purchase					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.86	0.26	0.09	0.17	0.34	1.71
Next Month	2.22	31.14	3.42	6.67	5.05	48.50
In 2-6 Months	0.26	1.03	1.37	1.45	0.86	4.96
Done 1-6	0.34	3.17	0.51	13.00	5.22	22.24
Done > 6	0.09	1.37	0.17	1.88	19.08	22.58
Total	3.76	36.95	5.56	23.18	30.54	100.00

-> provider = EDC

	Pretest: Review Income and expenses before making a large purchase					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.45	0.45	0.00	0.00	0.15	1.04
Next Month	1.19	30.15	3.43	7.61	4.93	47.31
In 2-6 Months	0.30	0.60	2.39	2.09	0.75	6.12
Done 1-6	0.60	1.64	0.90	11.79	4.18	19.10
Done > 6	0.15	1.94	0.45	1.94	21.94	26.42
Total	2.69	34.78	7.16	23.43	31.94	100.00

-> provider = CCA

	Pretest: Review Income and expenses before making a large purchase					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.60	0.60	0.00	0.40	0.40	2.00
Next Month	1.80	25.40	2.20	5.00	3.80	38.20
In 2-6 Months	0.20	1.20	4.00	0.80	0.40	6.60
Done 1-6	0.00	4.00	1.00	16.80	5.00	26.80
Done > 6	0.20	2.20	0.80	3.40	19.80	26.40
Total	2.80	33.40	8.00	26.40	29.40	100.00

-> provider = TEN

Pay bills on time each month.	Pretest: Pay bills on time each month.					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.29	0.50	0.07	0.07	0.14	1.08
Next Month	0.72	44.92	3.68	5.98	2.31	57.61
In 2-6 Months	0.00	1.59	2.74	0.65	0.29	5.26
Done 1-6	0.22	2.38	0.79	15.07	2.45	20.91
Done > 6	0.00	0.87	0.36	1.51	12.40	15.14
Total	1.23	50.25	7.64	23.29	17.59	100.00

-> provider = EDC

Pay bills on time each month.	Pretest: Pay bills on time each month.					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.45	0.34	0.00	0.00	0.22	1.01
Next Month	0.56	30.09	4.03	8.28	3.58	46.53
In 2-6 Months	0.11	0.56	2.24	1.34	0.67	4.92
Done 1-6	0.00	1.34	0.78	17.00	2.80	21.92
Done > 6	0.34	1.12	0.34	2.13	21.59	25.50
6	0.00	0.11	0.00	0.00	0.00	0.11
Total	1.45	33.56	7.38	28.75	28.86	100.00

-> provider = CCA

Pay bills on time each month.	Pretest: Pay bills on time each month. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.40	0.40	0.20	0.60	0.20	1.81
Next Month	0.80	31.33	4.02	3.61	4.62	44.38
In 2-6 Months	0.00	1.20	2.61	0.80	0.60	5.22
Done 1-6	0.20	3.01	1.00	15.86	3.61	23.69
Done > 6	0.00	2.41	1.20	2.41	18.88	24.90
Total	1.41	38.35	9.04	23.29	27.91	100.00

-> provider = TEN

Review bills each month for accuracy.	Pretest: Review bills each month for accuracy. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.36	0.43	0.00	0.29	0.07	1.16
Next Month	1.01	38.66	2.02	7.08	5.20	53.97
In 2-6 Months	0.00	0.87	1.37	0.65	0.43	3.32
Done 1-6	0.07	2.38	0.43	13.37	3.47	19.73
Done > 6	0.14	1.08	0.14	1.59	18.86	21.82
Total	1.59	43.42	3.97	22.98	28.03	100.00

-> provider = EDC

Review bills each month for accuracy.	Pretest: Review bills each month for accuracy. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	1.01	0.22	0.00	0.00	0.34	1.57
Next Month	1.01	28.76	3.15	8.31	5.06	46.29
In 2-6 Months	0.22	0.56	1.57	1.01	0.79	4.16
Done 1-6	0.11	0.90	0.56	12.36	3.82	17.75
Done > 6	0.22	1.46	0.11	1.69	26.74	30.22
Total	2.58	31.91	5.39	23.37	36.74	100.00

-> provider = CCA

Review bills each month for accuracy.	Pretest: Review bills each month for accuracy. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.40	0.81	0.00	0.61	0.00	1.82
Next Month	0.61	27.47	3.43	2.42	4.04	37.98
In 2-6 Months	0.20	0.81	2.22	0.61	0.81	4.65
Done 1-6	0.20	2.22	0.61	14.95	5.05	23.03
Done > 6	0.20	3.23	1.21	3.43	24.44	32.53
Total	1.62	34.55	7.47	22.02	34.34	100.00

-> provider = TEN

Compare prices before making purchases.	Pretest: Compare prices before making purchases. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.29	0.51	0.00	0.07	0.29	1.16
Next Month	1.16	28.76	2.24	5.49	7.59	45.23
In 2-6 Months	0.00	0.87	0.87	0.29	1.01	3.03
Done 1-6	0.00	1.73	0.43	14.16	5.42	21.75
Done > 6	0.07	1.08	0.22	1.30	26.16	28.83
Total	1.52	32.95	3.76	21.32	40.46	100.00

-> provider = EDC

Compare prices before making purchases.	Pretest: Compare prices before making purchases. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.79	0.11	0.00	0.00	0.57	1.47
Next Month	0.79	21.38	2.38	7.13	6.79	38.46
In 2-6 Months	0.34	0.45	1.47	1.02	0.68	3.96
Done 1-6	0.11	1.13	0.68	13.46	4.75	20.14
Done > 6	0.57	1.24	0.45	2.26	31.45	35.97
Total	2.60	24.32	4.98	23.87	44.23	100.00

-> provider = CCA

Compare prices before making purchases.	Pretest: Compare prices before making purchases. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	0.80	0.80	0.00	0.60	0.20	2.41
Next Month	1.61	22.54	3.42	2.41	4.23	34.21
In 2-6 Months	0.20	1.61	2.21	1.61	2.62	8.25
Done 1-6	0.00	4.63	1.01	12.07	4.02	21.73
Done > 6	0.20	3.62	1.01	2.41	26.16	33.40
Total	2.82	33.20	7.65	19.11	37.22	100.00

-> provider = TEN

Learn how to re-establish credit.	Pretest: Learn how to re-establish credit. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	2.62	1.97	0.66	0.07	0.00	5.32
Next Month	2.84	43.41	9.40	3.71	2.33	61.69
In 2-6 Months	0.87	3.71	6.92	1.31	0.66	13.47
Done 1-6	0.29	1.89	2.04	6.05	1.02	11.29
Done > 6	0.22	0.95	1.02	0.73	5.32	8.23
Total	6.85	51.93	20.03	11.87	9.32	100.00

-> provider = EDC

Learn how to re-establish credit.	Pretest: Learn how to re-establish credit. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	3.51	1.13	0.45	0.11	0.23	5.44
Next Month	3.06	38.39	9.63	3.28	2.60	56.96
In 2-6 Months	0.68	2.15	8.04	2.38	0.34	13.59
Done 1-6	0.34	2.49	1.59	7.70	1.36	13.48
Done > 6	0.34	1.25	1.13	1.13	6.68	10.53
Total	7.93	45.41	20.84	14.61	11.21	100.00

-> provider = CCA

Learn how to re-establish credit.	Pretest: Learn how to re-establish credit. No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	3.42	0.80	0.40	0.40	0.20	5.23
Next Month	3.02	34.61	8.25	1.81	3.22	50.91
In 2-6 Months	1.41	4.63	11.87	0.40	1.61	19.92
Done 1-6	1.01	2.62	1.61	9.86	1.21	16.30
Done > 6	0.40	1.41	1.21	1.01	3.62	7.65
Total	9.26	44.06	23.34	13.48	9.86	100.00

-> provider = TEN

Search for more favorable credit terms as credit standing im	Pretest: Search for more favorable credit terms as credit standing im No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	6.07	2.00	1.04	0.22	0.30	9.62
Next Month	5.47	31.07	11.54	2.44	2.74	53.25
In 2-6 Months	2.00	2.96	11.83	1.11	0.44	18.34
Done 1-6	0.67	1.78	1.85	4.96	0.81	10.06
Done > 6	0.30	1.04	1.18	0.81	5.40	8.73
Total	14.50	38.83	27.44	9.54	9.69	100.00

-> provider = EDC

Search for more favorable credit terms as credit standing im	Pretest: Search for more favorable credit terms as credit standing im No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	5.26	0.80	1.26	0.46	0.46	8.23
Next Month	4.00	29.49	11.77	2.63	2.74	50.63
In 2-6 Months	2.06	2.51	14.17	1.49	0.91	21.14
Done 1-6	0.34	1.49	1.49	5.60	1.14	10.06
Done > 6	0.80	1.37	1.37	0.80	5.60	9.94
Total	12.46	35.66	30.06	10.97	10.86	100.00

-> provider = CCA

Search for more favorable credit terms as credit standing im	Pretest: Search for more favorable credit terms as credit standing im					
	No Plan	Next Mont	In 2-6 Mo	Done 1-6	Done > 6	Total
No Plan	6.07	1.62	0.81	0.20	0.20	8.91
Next Month	3.85	29.35	7.49	2.83	1.82	45.34
In 2-6 Months	2.63	5.06	19.43	1.21	1.01	29.35
Done 1-6	1.01	1.42	0.81	5.26	0.61	9.11
Done > 6	0.61	1.62	0.61	0.40	4.05	7.29
Total	14.17	39.07	29.15	9.92	7.69	100.00

Appendix J

Regression Tests of the Effects of Differences in Debtor Characteristics

We used ordinary least squares regression to assess whether some subgroups of debtors learned more than others. We summarized debtor knowledge as the total number of correct answers to the 10 true-false items on the post-instruction questionnaire. Exhibit J-1 shows the distribution of this dependent variable for each curriculum provider.

Exhibit J-1 Summary of Debtor Knowledge, Post-Instruction, by Provider and Curriculum Taught

Number of Correct Answers on Post-Instruction Questionnaire	Percent of Debtors TEN	EDC	CCA
0	0	0	0
1	0	0	1
2	0	0	2
3	1	1	1
4	2	3	5
5	5	5	4
6	6	7	6
7	14	11	10
8	23	21	10
9	28	27	20
10	20	25	40
Total	100	100	100
Number of debtors [a]	1,111	660	482

[a] Excludes debtors not used in regression analysis because of missing information about debtor characteristics.

In this report, we define learning as the number of correct answers given on a 10-item test, conditioned on the number of correct answers on a previous administration of the same test. For methodological reasons, some debtors did not receive all 10 items on the pre-instruction questionnaire. If we limited the analysis to those debtors who answered all 10 items, we would exclude half the observations; therefore, we used the 6 items common to all debtors as the pretest. Because debtors who answered part of the test correctly were more likely to answer the rest correctly, this had almost no effect on the regression.

We tested the following debtor characteristics:

Bankruptcy caused by knowledge deficit	1	Debtors who said bankruptcy was caused by use of payday, rent-to-own, title, or other very high interest loan, or by excessive use of credit
	0	Everyone else
Bankruptcy caused by financial crisis	1	Debtors who said bankruptcy was caused by loss of job (unemployed, working fewer hours, or spouse out of a job); divorce/other family problems; death of spouse/partner/ other family member; health problems/medical bills; large, unexpected expense
	0	Everyone else
Chapter [b]	7	Chapter 7
	13	Chapter 13
District in which petition was filed		District of New Jersey Northern District of Texas Eastern District of Virginia Western District of Virginia Eastern District of Washington (except for TEN) (The Northern District of Illinois is the omitted reference category)
Age	1	Under 25
	2	26 to 35
	3	36 to 45
	4	46 to 55
	5	56 to 65
	6	Over 65
Education	1	Less than high school
	2	High school graduate or equivalent
	3	Some college
	4	College degree
	5	Graduate school
Marital Status		Divorced or separated Widowed Never Married (Married is the omitted reference category)
Gender	1	Female
	0	Male
Income	1	Not working
	2	$1 to $20,000
	3	$20,001 to $40,000
	4	$40,001 to $60,000
	5	$60,001 to $80,000
	6	Over $80,000
Race	1	African American or Black
	0	Everyone else

Ethnicity	1	Hispanic (Hispanics may be of any race)
	0	Everyone else
Employment Status	1	Full time
	2	Part time
	3	Not working

Chapter three presented the results of these tests for each of the three providers separately. Exhibit J-2 presents the results of another test, where all debtors are combined in a single equation. Two variables are added to represent differences among the three providers. (Because the providers instruct different types of debtors, these effects should not be interpreted as direct comparisons between the effectiveness of providers or the curriculums. In particular, 98 percent of debtors attending TEN training filed under Chapter 13, compared with 8 percent of debtors attending classes taught by the academic and CCA providers.) The combined model shows results that are consistent with the individual models in chapter three: highly educated debtors seemed to have learned more than debtors with less schooling, and black debtors learned less than non-black debtors. In addition, debtors with higher incomes appear to learn more than those with less income (exhibit J-2). This effect can be seen in exhibit J-3, where we plot average scores for each level of income. (The figure shows separate plots for each pre-instruction score.)

Exhibit J-2 Effect of Debtor Characteristics on Knowledge Gain

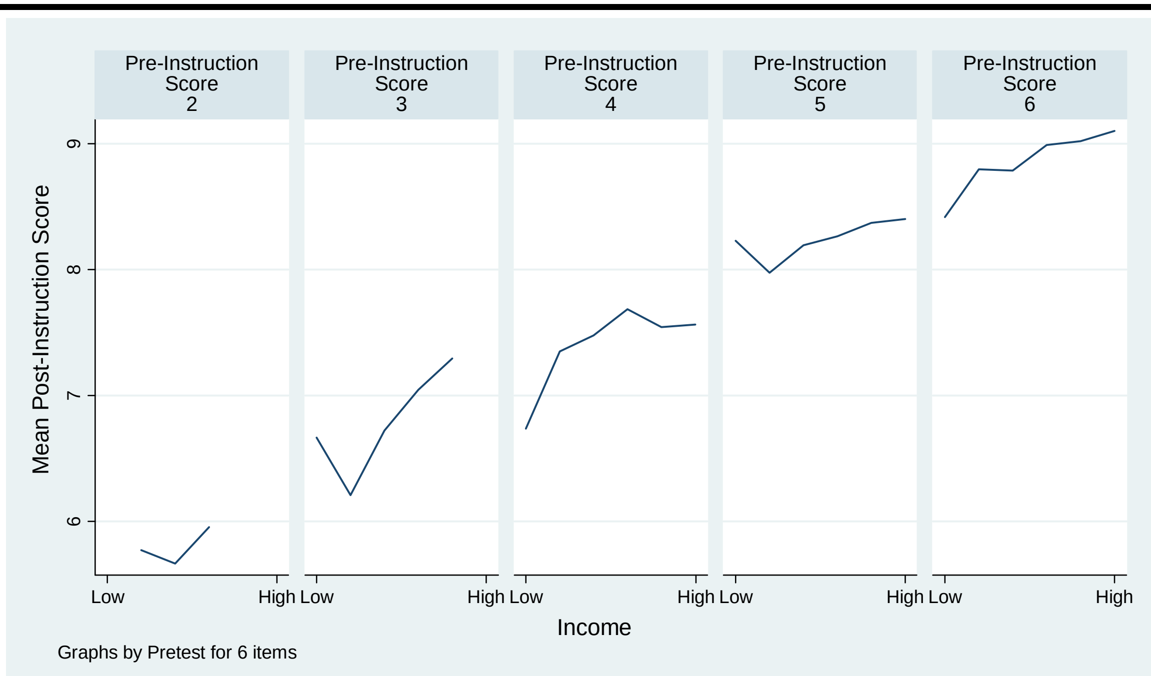
Variable	Regression Estimate of Knowledge Gained Per Unit Change in Each Variable		
	Coefficient	Standard error	Probability (two-tailed t-test)
Trained by CCA[a]	-0.02	0.07	0.75
Trained by TEN[a]	-0.48 *	0.12	0.01
Pre-Instruction Questionnaire for 6 items	0.71 ***	0.03	0.00
Bankruptcy caused by knowledge deficit	-0.05	0.10	0.63
Bankruptcy caused by financial crisis	0.05	0.10	0.65
Chapter[b]	0.04	0.02	0.07
New Jersey[c]	0.17 ***	0.01	0.00
Texas Northern[c]	0.06	0.03	0.17
Virginia Eastern[c]	-0.14 ***	0.01	0.00
Virginia Western[c]	0.07 **	0.02	0.01
Washington Eastern[c]	0.42 ***	0.03	0.00
Age	-0.04	0.03	0.23

Exhibit J-2 Effect of Debtor Characteristics on Knowledge Gain *(Continued)*

Education	0.18 **	0.03	0.00
Divorced [d]	0.03	0.07	0.68
Widowed [d]	-0.06	0.08	0.51
Never Married [d]	-0.10	0.08	0.26
Female	-0.06	0.10	0.56
Income	0.12 **	0.02	0.00
Black	-0.26 ***	0.03	0.00
Hispanic	-0.14	0.08	0.13
Employment Status	0.05 *	0.02	0.04
Constant	3.91	0.14	0.00
Number of debtors	*2,253*		
R^2	.3583		
F	59.32 ***		

* p<0.05 Omitted categories: a: Trained by EDC c: Northern District of Illinois d; Married.
** p<0.01
*** p<0.001 b Chapter 7 coded as 7, Chapter 13 coded as 13.

Exhibit J-3 Average Knowledge Score, by Income and Pre-Instruction Score



We explored various ways of summarizing the expressed changes in plans for future financial activity. The regressions in chapter three refer to net change, computed as the number of accelerations minus the number of decelerations (see exhibit J-4). In addition, we tested regressions with this number limited to the range (-5, +5) and (-1, +1). The results of these alternative specifications were essentially the same in all cases as those for the equation shown in the report. The independent variables in the equations are the same as those shown above for knowledge gains. Exhibit J-5 shows a single equation including all providers. None of the debtor characteristics are significantly related to net changes in plans.

Exhibit J-4 Percent of Debtors Showing No Change, Net Acceleration, or Net Deceleration in Plans for Financial Practices

No Change	52.48		
Acceleration		**Deceleration**	
1	16.26	-1	6.35
2	10.01	-2	2.14
3	5.40	-3	0.75
4	2.85	-4	0.31
5	1.26	-5	0.07
6	0.95	-6	0.07
7	0.31	-7	0.00
8	0.14	-8	0.14
9	0.07	-9	0.07
10	0.20	-10	0.20

Exhibit J-5 Effect of Debtor Characteristics on Behavior Plans

Variable	**Regression Estimate of Knowledge Gained Per Unit Change in Each Variable**		
	Coefficient	**Standard Error**	**Probability (two-tailed t-test)**
Trained by CCA [a]	-0.305*	0.102	0.030
Trained by TEN [a]	-0.260	0.211	0.272
Pre-Instruction Questionnaire for 6 items	-0.034	0.028	0.276
Bankruptcy caused by Knowledge Deficit	0.031	0.066	0.661
Bankruptcy caused by Financial Crisis	0.090	0.064	0.221
Chapter [b]	0.019	0.017	0.309

Exhibit J-5 Effect of Debtor Characteristics on Behavior Plans
(Continued)

New Jersey [c]	-0.007	0.021	0.751
Texas Northern [c]	0.104	0.052	0.103
Virginia Eastern [c]	0.020	0.031	0.536
Virginia Western [c]	0.015	0.059	0.814
Washington Eastern [c]	-0.201	0.096	0.089
Age	-0.071	0.050	0.216
Education	0.027	0.055	0.648
Divorced [d]	0.075	0.128	0.585
Widowed [d]	-0.119	0.139	0.432
Never Married [d]	0.073	0.092	0.462
Female	0.013	0.067	0.853
Income	0.015	0.038	0.699
Black	-0.083	0.073	0.307
Hispanic	-0.159	0.078	0.098
Employment Status	0.046	0.043	0.332
Constant	0.742	0.309	0.061
Number of debtors	*2,253*		
R^2	.0093		
F	.99		

* $p<0.05$

a Trained by EDC is the omitted category
b Chapter 7 coded as 7, Chapter 13 coded as 13
c Northern District of Illinois is the omitted category
d Married is the omitted category

Appendix K

Comparison of the Three Curriculums

A central question of any evaluation is whether the "treatment" or "intervention"—in this case, the three curriculums—was properly administered. The section on "Hypothetical Explanations for Findings" in chapter three of the report examines how "faithfully" the instructors adhered to their respective financial education curriculums based on observations of 9 classes, interviews with 15 instructors, and a short process checklist that instructors completed after each class.

However, it is also important to learn ***whether, even if every instructor followed his or her curriculum to the letter, the classes still differed because the curriculums were different***. It is valuable to find this out in order to help explain any differences in effectiveness among the three curriculums. This appendix, whose findings are summarized briefly in chapter three of the report, identifies in detail how the curriculums differed.

We compared the curriculums in three ways:

(1) principal topics and sub-topics addressed,
(2) suggested amount of time the instructors devote to each topic, and
(3) inclusion in the curriculums of the correct answers to each question on the pre-instruction, post-instruction, and three-month follow-up questionnaires.

Comparison of Topics and Sub-Topics Addressed in the Curriculums

All three curriculums focus on three major topic areas: money management, credit, and wise purchasing decisions. Exhibit K-1 shows the sub-topics that each curriculum addresses within each of these three major focuses and whether the curriculum places significant emphasis on any of these topics.[27]

As the exhibit shows, ***with one exception the three curriculums address the same major sub-topics***: the TEN curriculum alone addresses the psychological aspects of money management—for example, attitudes toward money and interpersonal communication about money—and emphasizes them significantly.

[27] All three curriculums come with participant workbooks. Whenever the instructor guide that accompanies a curriculum tells the instructor to direct participants to specific text in the accompanying participant handbook related to the topic being explained, we considered the curriculum to have addressed the answer.

Exhibit K-1 Topics the Three Curriculums Address

Topic	Curriculum and Level of Emphasis on Topic		
	EDC	TEN	CCA
Money Management			
attitudes, emotions, relationships around money	no	yes	no
financial wants and needs, and goals	yes	yes	yes
monthly income and expenses	yes	yes	yes
budget/spending/financial plan	yes	yes	yes
"trimming"	yes	yes	yes
importance of saving	yes	yes	yes
Credit			
using credit	yes	yes	yes
credit cards	yes	yes	yes
understanding debt level	yes	yes	yes
credit reports and ratings	yes	yes	yes
advertising, fraud, and marketing schemes	yes	yes	yes
general information	yes	yes	yes
Wise Purchasing			
smart shopping	yes	yes	yes
rights as a consumer/sources of help	yes	yes	yes

Length of Time the Curriculums Suggest Be Devoted to Each Major Topic Area

The three curriculums are based on class time of two to two-and-one-half hours, a length that in fact the instructors adhered to based on our observation of 9 classes, interviews with 15 instructors, and information every instructor provided after every class on a checklist they mailed back to Abt Associates.

However, as exhibit K-2 shows, ***the three curriculums' guidelines for how much time instructors should spend on each of the three major topic areas differ***:

- The TEN curriculum suggests that about 25 percent more time be devoted to money management than the EDC and CCA curriculums recommend (75 minutes versus 50 and 54 minutes).

- The EDC and CCA curriculums propose more time be spent on credit than the TEN curriculum suggests (40 and 49 minutes versus 25 minutes).

- The CCA curriculum suggests devoting double the number of minutes to consumer decision making (20 minutes) compared with the amount of time the EDC and TEN curriculums recommend.

Exhibit K-2 Amount of Time the Curriculums Recommend Instructors Devote to Each Major Topic Area

	Minutes Assigned to Topic by Curriculum		
Major Topic	**EDC**	**TEN**	**CCA**
Money management	50	75	54
Credit	40	25	49
Purchasing decisions	10	10	20

Information Included in the Curriculums That Answers Questionnaire Questions

Perhaps the most relevant way to compare the curriculums is to examine whether they provide the answers to the questions posed in the pre-instruction, post-instruction, and three-month follow-up questionnaires. Exhibit K-3 identifies whether each curriculum includes the answer to the questions asked on the three questionnaires.[28] Making this comparison is important because participants' ability to answer each question may reflect the attention instructors devote to the information, while instructors' likelihood of providing the information may reflect the curriculums' instructions about what to cover.

As the exhibit shows, ***there is some variation among the curriculums in terms of whether they guide the instructor to provide participants with the information necessary to answer each question correctly***.

- At least one curriculum does not include the answer to 3 of the 10 true-false knowledge questions.

- At least one curriculum does not address the information needed to answer 3 of the 9 financial practices questions.

- Overall, one curriculum does not provide the answers to 5 knowledge and financial practices questions, and one curriculum does not provide the answer to 3 questions. One curriculum provided the answers to all 20 questions.

Of course, the failure of a curriculum to address a sub-topic does not necessarily mean that an instructor did not teach it. For example, an academic provider instructor reported that, while the Education Development Center (EDC) curriculum did not address "searching for more favorable credit terms as credit standing improves" (see exhibit K-3), the instructor did talk about the fact that the debtors would be able to secure better terms after a couple of years of being current on all their bills.

[28] Appendix B provides copies of the three questionnaires.

In addition, debtors' ability to answer the questions correctly on the questionnaires may reflect not only whether the instructor provided the information but also whether the instructor repeated the information, which may have resulted in improved retention of the information. For example, the EDC curriculum addresses "needs versus wants" twice.

Exhibit K-3 Questions Whose Answers the Three Curriculums Do and Do Not Provide

Question	Whether the Curriculums* Address the Answer to the Question		
	EDC	TEN	CCA
True-False Questions			
Goals should only be made for long-term plans	yes	yes	yes
A need is . . . and a want is	yes	yes	yes
Fixed expenses are	yes	yes	yes
Higher deductibles on insurance will lower your premiums but increase your risk of out-of-pocket expenses	yes	NO	yes
Gross income is defined as	yes	yes	yes
Financial experts recommend having an emergency fund equal to 3-6 months' worth of living expenses.	yes	yes	yes
Approximately 10% of an individual's credit score is determine by their payment history.	NO	NO	yes
A debt-to-income ratio of more than 20% may indicate a person has borrowed too much	yes	yes	yes
Credit reports contain information on past employers, race, and medical history.	yes	yes	yes
Credit reports can affect an individual's ability to get a job . . . and obtain insurance.	NO	yes	yes
Financial Practices Questions			
Set short and long-term financial goals.	yes	yes	yes
Save money regularly.	yes	yes	yes
Use a spending plan to track income and expenses.	yes	yes	yes
Review income and expenses before making a large purchase	yes	yes	yes
Reduce impulse spending and cut unnecessary expenses.	yes	yes	yes
Pay bills on time each month.	yes	yes	yes
Review bills each month for accuracy.	NO	NO	yes
Compare prices before making purchases.	yes	yes	yes
Learn how to re-establish credit.	NO	yes	yes
Search for more favorable credit terms as credit standing improves.	NO	yes	yes

Finally, a curriculum's providing the answer to a question may not reflect the emphasis that instructors end up placing on the information in terms of tone of voice and phrasing ("Now you ***REALLY*** need to pay attention to what I'm going to tell you now about credit cards"). Indeed, some of the instructors we observed did emphasize certain information in this manner.

In sum, participants in different classes may have had greater or lesser exposure—or no exposure—to the information needed to answer the questions. This, in turn, might result in different rates of correct responses that may not reflect the efficacy of the curriculum but how instructors taught it.

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