Moving From Outputs to Impacts:
Measuring Asset-Building Program Effects on Child and Youth Well-Being

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“[T]oo many young people are still excluded from the chance to go to university, to own their own home, to have financial security or a career. I want to see all children grow up knowing that they have a financial stake in society. I want to see all children have the opportunity of a real financial springboard to a better education, a better job, a better home - a better life. I want to see every child able to make the most of themselves.”

-Prime Minister Tony Blair introducing the report recommending the establishment of the British Child Trust Fund Accounts (26 April, 2001).

Asset-building strategies are touted as a promising strategy for enhancing the well-being of children and youth. As illustrated by Prime Minister Blair’s support for establishing the Child Trust Fund Accounts, expanding asset ownership to young persons is seen as a way to increase youths’ educational and early employment options, provide them options for real property ownership, and reduce social disengagement by enhancing their feelings of inclusion. These benefits are echoed by North American researchers and policy practitioners who are asset account proponents (Cramer, 2005; Sherraden, 1994; Sherraden, Zhan, & Williams, 2002).

Despite this enthusiasm, scant evidence exists to show that asset-building strategies can indeed improve child and youth well-being. Asset-building research to date has focused on questions of program design, delivery, and participant outcomes. Over the past two decades, practitioners and scholars have documented the conditions and approaches that successfully contribute to asset accumulation. Program models are not perfect, but they have been refined greatly since the early IDA experiments. The next step is to figure out whether and to what extent these programs made a difference.
in participants’ lives. This paper addresses this need by presenting a framework for evaluating the impact of asset-building programs or policies on child well-being.

This is intended to be a practical introduction to impact evaluation to be used by persons or organizations involved in asset-building. It is not a comprehensive scholarly review. I welcome comments, suggestions, and questions on this work in progress.

The Current Evidence Base

What We Know and Do Not Know About Asset-Holding

We know that children of families with wealth do better than children of families without wealth. This knowledge is based on correlational evidence showing that children in families without assets fare worse on a number of dimensions than do children in families with assets. For instance, Zhan and Sherraden (2003) show that children of single mothers with over $3,000 in savings are more likely to graduate from high school than children of single mothers without savings.

We do not know if it is really wealth that matters. Families who own assets differ from families who do not on both financial and non-financial dimensions. In terms of social and psychological behavior, parents who are skilled financial managers may also provide more stimulating home learning environments or hold higher educational expectations for their children. Children of such parents would have an advantage, even if their parents did not own wealth. Single parents who manage to save may have wealthy extended families that help them or may have exceptionally high-paying jobs, again characteristics that help kids regardless of wealth. Likewise structural disadvantages that have limited some families’ opportunities to build assets
(as is disproportionately the case for minority families) may also affect child well-being through extra-family forces such as school quality or neighborhood safety. For these reasons, we cannot know if it is wealth per se that matters or other family characteristics related to having wealth.

Some of these concerns can be addressed through research designs. For instance, Zhan and Sherraden (2003) take mothers’ education levels and whether other adults live in the household into account. However, some characteristics – like perseverance or common sense – are much harder to measure and others – like support from other family members – are not generally reported in the data sets used by researchers. It is possible that children in families with assets do better because of other family characteristics rather than the assets per se. It is also fully possible that assets are very important. Current research is not sufficient to separate the effects of wealth from the effects of other family characteristics.

*What We Know and Do Not Know About Asset-Building Programs*

Despite these limitations of the current research, many persons believe that assets do matter, and such beliefs have resulted in asset-building programs. Looking at these programs will be one way to get more information about the relationship between assets and well-being.

Early evaluations of asset-building programs are largely process-oriented in nature (Ciruea, 1999) meaning that they focus on how programs run. More recently the field is moving from evaluations focused largely on *outputs* – services delivered and secured, such as numbers of accounts opened – to adult or household *outcomes* – observable changes in life conditions or individual capacities, such as residential
stability or avoidance of material hardships. McBride (2004) suggests a finer distinction between intermediate outcomes which are important indicators believed to lead to well-being, such as being able to balance a checkbook, but are not ends in themselves, and end outcomes, which are positive aspects of life well-being, such as living in a house that one likes or feeling satisfied with one’s employment.

What We Want to Know About Asset-Building Programs and Youth

I argue that the next stage of evaluations should also consider social and psychological impacts on children and youth. An impact is the effect of a program “over and above what would have occurred” without the program (Rossi & Freeman, 1999, p. 239). At one level, impacts and outcomes are the same thing. They are the things we want participants to experience – success, satisfaction, well-being. The distinction between outcome and impact is that impacts are caused by a program. To clearly see this, consider the following equation:

Counterfactual + Impact = Outcome

A counterfactual is what would have happened in the absence of a program. An impact is the change caused by a program. An outcome is the state of the world, or well-being of the participant, after having experienced the program. Programs can have positive outcomes without having any impact. This is because the participants would have done well with or without having the program.

Applying these concepts to child and youth well-being means we want to look for impacts of programs on children. Will creating asset accumulation among families who would not have assets in the absence of programs make a difference for their children? Will helping children accumulate their own assets or entrepreneurship skills
make them better off than they would have been had they not had these experiences? On these questions the evidence base is scant; there are few if any rigorous tests of whether enhancing assets has any impact (Duncan et al., 2001). The next section outlines some ways in which asset-building programs may have an impact on children.

Possible Impacts: Ways in Which Assets May Affect Youth Well-Being
Why would we expect asset-building programs to affect child and youth well-being? Answering this question requires an understanding of the possible connection between assets-building efforts and key developmental processes. Here I briefly outline a preliminary model based on three factors: the child’s own characteristics, the home environment (both tangible and relational), and the community context, including neighborhoods and educational settings. This model is informed by economic theory, which focuses on the inputs needed for the production of human capital (e.g. Becker, 1964; Haveman & Wolfe, 1995) and ecological developmental theory (Bronfenbrenner, 1986; Bronfenbrenner & Morris, 1998), which focuses on the key contexts and processes for building psychosocial well-being. In sketching out this model, I focus on the likely effects of asset-building program participation rather than develop a full model of asset ownership and well-being. As noted above, likely effects of owning assets are related to, but not the same as, effects of participating in an asset-building program.

Keep in mind that children and youth (henceforth ‘youth’) may benefit from asset-based strategies in one of two ways: directly from programs or policies targeting the young persons themselves, such as programs intended to help high school students save for higher education, or indirectly through programs or policies designed to help
their parents or other family members build assets. The justifications for direct and indirect effects rest on similar but not identical grounds.

**Self.** Asset-based strategies, particularly the act of savings by a child or parent, may create or reinforce knowledge, habits or characteristics related to successful development. Children who participate in asset-building programs may gain good experience in planning and delaying consumption. Pate (2006) notes that many of these same benefits may accrue to youth who participate in entrepreneurship training as well.

When parents participate in an asset-building program, they may become models or teachers, passing along helpful knowledge about finances or familiarity with financial institutions (Beverly et al., 2003). On the other hand, if parents do not meet their own savings goals (as is common in some demonstration programs), they may pass along frustration or futility.

**Home and family context.** Asset-building may change the tangible resources available to children or the nature of family interactions. Some asset-building programs are designed to help low-income persons purchase cars, homes, computers or other goods perceived to have socially-desirable benefits. These goods may affect child well-being through providing more stable or enriching environments. Children may also be affected by spillover effects on parents. It is hypothesized (Sherraden, 1994) that asset-building may increase adults’ feelings of efficacy or reduce stress associated with financial strain. These aspects of parents’ emotional functioning are one way that poverty affects child well-being (McLoyd, 1990). In this case, children may benefit
from more peaceful relationships or more responsive parenting as a result of their parents’ confidence and security.

*Environment and opportunities.* Thirdly, increasing child or family assets may result in increased (or decreased) safety or opportunity. For instance, parents who are able to purchase a home may be able to move to a neighborhood with more resources and fewer dangers. Another common goal of asset-building is to save for education for oneself or a child. Success here could increase access to higher-quality secondary education or make post-secondary education more feasible.

**How to Establish Impact**

How can we know whether any of these possible outcomes are impacts caused by asset-building programs? Recall that the difference between impact and outcomes is the counterfactual, what would have happened in the absence of a program. The equation given above could be restated as:

\[
\text{Impact} = \text{Outcome} - \text{Counterfactual}
\]

The challenge is that for those interested in impact is that a true counterfactual can never be known. A young person cannot both participate in an asset-building program and not participate. A parent cannot both have savings and not have savings at the same time. Although we cannot ever have a true counterfactual, different research designs can be used to approximate a counterfactual. Those designs generally fall into two broad categories: experimental and non-experimental.
Experimental Designs

One way to approximate a counterfactual is by using a randomized design. This is when individuals or households are assigned to get the program or to not get the program based on some random process, such as a lottery. The people who get the program are referred to as an “experimental group” or a “program group” and those who do not are sometimes known as a “control group.” This type of study is most commonly associated with medical research, such as the testing of new drugs, but has also been an influential and successful method of social science research.

Randomized experiments can give a good estimate of program impact by using the experiences of the control group as the counterfactual. By randomly assigning treatment status, randomized social policy experiments (RSPE) remove the potential for unobservable differences between those in a program and those not in a program. The impact is then easy to calculate:

\[
\text{Impact} = \text{Outcome} - \text{Counterfactual}
\]

= How those in the program did - How those in the control group did

Because using random assignment can create a solid counterfactual, experiments are called the “gold standard” or “nectar of the gods” of causal research (Hollister & Hill, 1995; Rossi, 1997).

Non-experimental Designs

If experimental designs are so great, why are they not used more often? In practice, they are very rare. There are a number of reasons why program designers and
Evaluators may not want to use experimental designs. These may be practical or philosophical. From a practical point of view, it is hard enough to recruit enough people for a program without having to divert half of them into a control group. Philosophically, it may be in opposition to a program’s mission to turn anyone who might benefit from a program away.

Non-experimental designs are alternative ways to estimate impact without using random assignment. There are a number of different non-experimental designs, but all involve two steps: 1.) using a comparison group, and 2.) ruling out alternative explanations when possible. The table below summarizes some common non-experimental designs.

<table>
<thead>
<tr>
<th>Design</th>
<th>Comparison group</th>
<th>What does this tell us?</th>
<th>Competing explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-post</td>
<td>Persons who use the program before they used the program</td>
<td>Differences among participants before and after experiencing the program</td>
<td>What if these changes would have happened even without the program?</td>
</tr>
<tr>
<td>Take-up variation</td>
<td>Persons who do not sign up for or use a program</td>
<td>Differences among sample members who use and do not use a given policy</td>
<td>What if those who use the policy are systematically different from those who do not?</td>
</tr>
<tr>
<td>Offering variation</td>
<td>Persons who are not offered a program because of geography or time</td>
<td>Differences among those who are and are not offered a program</td>
<td>What if other things differ across the two groups?</td>
</tr>
</tbody>
</table>

1 This table is adapted from Marcia Meyers, policy analysis teaching notes, n.d.
In a pre-test, post-test design, program participants are used as their own comparison group. Such a design usually includes a baseline survey and then an exit or post-program survey with the same measures. A pre-post design can tell how participants changed during a program, but cannot tell if the same changes would have happened without a program.

In a take-up variation design, the comparison group consists of persons who were offered the program, but did not use it. In a youth setting, this might be children at a school or club who did not join an asset-building program. Of course, there are generally reasons why those who did not use a program are different than those who did. If those reasons are things like motivation that are related to program outcomes, this is not a good strategy. However, reasons may be unrelated to outcomes. For instance, if only children who had a certain period free during the day could have signed up, that would make a good comparison group.

A third non-experimental strategy is to use persons who are similar to those who used the program, but are separated by time or geography. Imagine a program that enrolls freshman in 2006. Students who are now sophomores would not have been eligible for this program, but could be a good comparison group. Or freshman from another school or district could be a good comparison group. Again, alternative explanations such as differences in a population over time must be ruled out.

Each of these non-experimental approaches has strengths and weaknesses, and no one design is right for all applications. Some of the weaknesses may be offset by using designs in combination. For instance, doing pre-test and post-test measures on children who choose to participate and who choose not to participate in a program can
tell us both how well the youth who participated did and how well those who did not participate did. In any case, any claims to impact must include a discussion of alternative explanations.

**Conclusion**

At this point the research and policy community hopes, but does not know, that building low-income families’ assets will increase the life chances of children born poor. The current interest – and level of investment – in asset-building research allows for a more thorough test of the hypotheses linking family assets and child well-being. Both experimental and non-experimental research designs can be used to move from outcome studies to impact studies. Practitioners interested in testing for program impact may find it helpful to partner with an academic researcher with training in these research design issues. Likewise, university-based faculty may be interested in the opportunity that asset-building programs offer to positively intervene in young persons’ lives. Persons interested in aspects of asset-building may be found in many academic disciplines or fields including business, economics, family and consumer science, developmental psychology, social work and public policy.
References


