

April 2017

Tracking success in financial capability and empowerment programs

Suggested set of individual financial outcomes when integrating
financial capability and empowerment into human services programs

About the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) is a federal government agency created to protect consumers in the wake of the 2008 financial crisis. We aim to make consumer financial markets work for consumers, responsible providers, and the economy as a whole. We protect consumers from unfair, deceptive, or abusive practices and take action against companies that break the law. We arm people with the information, steps, and tools they need to make smart financial decisions.

In a market that works, the prices, risks, and terms of the deal are clear upfront, so consumers can understand their options and comparison shop. All companies play by the same consumer protection rules and compete fairly on providing quality and service. To achieve this vision, the CFPB works to:

- **Empower:** We create tools, answer common questions, and provide tips that help consumers navigate their financial choices and shop for the deal that works best for them.
- **Enforce:** We take action against predatory companies and practices that violate the law, and we have already returned billions of dollars to harmed consumers.
- **Educate:** We encourage financial education and capability from childhood through retirement, publish research, and educate financial companies about their responsibilities.

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1. Executive summary

The Consumer Financial Protection Bureau's (CFPB) is a federal government agency created to protect consumers in the wake of the 2008 financial crisis. The CFPB's Office of Financial Empowerment focuses on serving lower-income and economically vulnerable consumers by providing tools and resources to help these consumers, directly and by helping the organizations that serve them, to work towards and meet their life goals.

Financial empowerment is a strategy to help consumers achieve and use financial capability to actively and effectively navigate their financial lives. Financial empowerment programs often focus on building the financial capability of lower-income and economically vulnerable consumers as a path towards financial well-being. Ultimately, the goal for these and all consumers is improved financial well-being.

A key approach utilized by both the CFPB Office of Financial Empowerment (Office) and the broader field of financial empowerment is the integration of financial empowerment tools and concepts, including financial education and capability, into existing human services programs. This includes approaches such as financial counseling or coaching. Practitioners and evaluators of myriad and diverse financial capability and empowerment programs expressed to the Office a desire to help encourage consistency across these programs for demonstrating success. A common framework and language for demonstrating success of integrating financial empowerment and capability as an element of other human services programs would help achieve this goal. To assist the field in creating some commonality in outcomes to measure across a variety of different programs, the CFPB has identified a core set of five categories of financial outcomes that could be broadly relevant across different types of financial capability and empowerment strategies.

The core set of recommended financial outcomes is designed to:

- Help inform and guide service delivery organizations and those who design, fund, or

evaluate service programs in assessing or documenting the value of integrating financial capability and empowerment into the delivery of human services programs;

- Provide a suggested core set of outcomes for the field;
- Augment, not displace, current programmatic outcomes; and
- Accommodate a broad range of different program types.

The CFPB conducted a review of research on financial capability and empowerment outcomes; reviewed outcomes used by organizations and agencies providing financial capability and empowerment; and received input from experts. The following are the five outcomes the CFPB identified as the core set. “Outcomes” refers to categories from which organizations can choose or develop specific indicators or measures that are feasible and relevant to collect in their program. Programs can choose to identify outcome *measures* from all or a few of the five categories of outcomes. Programs should determine the outcome *measures* within the categories that are appropriate to the needs of the specific program.

As shown in the table below, the five core financial capability and empowerment outcomes we ultimately identified are 1) planning and goals, 2) savings, 3) bill payment, 4) credit profile, and 5) financial well-being. Financial well-being is included in the core set because it is the ultimate goal of financial empowerment, capability and education efforts. We provide a specific measure for this core outcome - the CFPB Financial Well-Being Scale. This is an outcome measure based on a consumer-derived definition of financial well-being that encompasses concepts of financial security and freedom of choice, now and for the future.

TABLE 1: CORE SET OF FINANCIAL OUTCOMES

	Core One Planning and goals	Core Two Savings	Core Three Bill payment	Core Four Credit profile	Core Five Financial well- being
Description	Setting up a plan or goal	Having savings or habit	Improvement in bill paying	Improvement in credit profile; thin file /no score to demonstrated credit history	Individual's sense of financial security and freedom of choice
Examples of indicators (not exclusive list)	Plan in place	Regularity of savings	On-time bill payment	Fewer late payments/ Number of delinquent payments	CFPB Financial Well-Being Scale 10 item (standard) version
	Goal in place	Automaticity of saving	Fewer late fees	Increase in credit score or credit quality tier	or 5 item (abbreviated) version
	Plan execution	Setting up a rainy day or emergency fund	How person prioritizes if insufficient funds		

2. Introduction

The Consumer Financial Protection Bureau (CFPB) has as part of its mission to empower consumers to take more control over their financial lives. The CFPB's Office of Financial Empowerment (Office) focuses on serving lower income and economically vulnerable consumers by providing tools and resources to help these consumers, directly and through the organizations that serve them, work towards and meet their life goals. Financial empowerment is achieving and using financial capability to actively and effectively navigate a financial life.

A key approach utilized by both the Office of Financial Empowerment and the broader field of financial empowerment is the integration of financial capability and empowerment tools and concepts, including financial counseling and coaching, into existing human services programs. The CFPB Office of Financial Empowerment collaborates with entities delivering human services to reach economically vulnerable consumers in a scalable and effective way. Human service delivery systems offer many potential "touchpoints" -- times and places where frontline workers can help the people they serve develop or strengthen financial decision-making skills and habits, including about how to choose and use financial services to help them meet their financial and life goals.

As programs integrate financial empowerment into the delivery of other services, practitioners, funders, and policymakers are interested in strengthening the field and documenting the value of the various efforts and approaches. Integrating financial empowerment strategies into existing programs is more likely to be undertaken and be sustainable if service providers find an approach that can *help them achieve and demonstrate positive client financial outcomes alongside other program objectives*.

Financial empowerment programs often focus on building the financial capability of lower-income and economically vulnerable consumers as a path towards financial well-being. Financial capability is the capacity, based on knowledge, skills, and access, to manage financial

resources effectively.¹ A growing consensus is emerging that the ultimate measure of success for financial capability and empowerment efforts, as well as financial education, should be improved individual financial well-being.²

In order to provide practitioners and researchers with a standard, reliable, and broadly available way to measure individual financial well-being, the CFPB led a rigorous research effort to develop a consumer-driven definition of financial well-being, and then developed a set of questions—a “scale”—to measure financial well-being. Due to the process used to develop the CFPB’s Financial Well-Being Scale, a major benefit to using the scale as a measure to evaluate financial well-being is its ability to provide “apples-to-apples” comparisons of individual financial well-being across consumers using different types of programs, as well as over time.

There is wide agreement among those working in the financial empowerment field that it is important to have measurable and meaningful outcomes and impact metrics to demonstrate and measure client progress. However, apart from the ultimate measure of financial well-being, there has been a lack of consensus about what individual outcomes or groups of outcomes best define success. Organizations use a broad range of indicators and measures. Nonetheless, the experience organizations have in identifying and using various measures, combined with research that validates some of these measures, is helpful to inform a standard set of outcomes that programs could adopt independently or as part of a broader set of program outcomes.

The goal of this report is to assist the field in suggesting and encouraging some commonality in outcomes to measure across a variety of different types of programs. The CFPB has identified a

¹ *Charter of the President’s Advisory Council on Financial Capability*, U.S. Department of the Treasury (2010) at 1 available at <https://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf>

² The CFPB’s research-based definition of financial well-being is “a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.” *Financial Well-Being: The Goal of Financial Education*, Consumer Financial Protection Bureau (January 2015) at 18 available at <http://www.consumerfinance.gov/data-research/research-reports/financial-well-being/>. For more information and resources about the CFPB’s work on financial education, see <https://www.consumerfinance.gov/adult-financial-education/>.

core set of financial outcomes categories that could be broadly relevant across different types of financial empowerment strategies. The CFPB recognizes that programs determine their own strategies for integrating financial empowerment, and identify which specific outcome measures are needed to assess and track success. A full standardization of measures, data collection processes, and requirements might be ideal from the perspective of measuring collective impact. However, it was clear from the feedback we received from practitioners, evaluators, and other experts that there are too many different kinds of programs with varying levels of resources, information collection capabilities, and capacity to recommend full standardization down to the measurement level. So, instead, we offer categories of outcomes to measure that could be widely used across program type.

This small, core set of financial outcomes is designed to supplement, not displace, other outcomes a program may be tracking that are relevant to its specific program and service goals. Many programs may already use some or similar outcomes included in the core set of outcomes recommended for use in this report. Because many programs share an overall goal of increased financial well-being for people served, the CFPB also included financial well-being in this core set.

The core set of recommended financial outcomes is designed to:

- Help inform and guide service delivery organizations and those who design, fund, or evaluate service programs as they assess or document the value of integrating financial empowerment into the delivery of human services programs;
- Provide a suggested core set of common outcomes to measure for the financial empowerment field;
- Augment, not displace, current programmatic outcomes and accommodate a broad range of different program types; and
- Help provide consistency across programs by creating a common framework and language for demonstrating success for the provision of financial empowerment services as an element of other human services programs.

“Outcomes” as used here refers to categories from which organizations could choose specific indicators or measures that are feasible and relevant to collect in their program. These “outcomes” are not meant to serve as specific measures, but rather to provide a framework of categories to assist with creating a common language around measuring and demonstrating

success for empowerment programs. For example, a “credit profile” outcome category may include “accessing a credit report for the first time” as a specific outcome measure for a client of a program.

3. Background

The CFPB's Office of Financial Empowerment began to identify common outcomes as a need in the financial empowerment field with its first convening in November of 2012. The convening invited input from financial empowerment practitioners and researchers. The convening helped inform the Office's work to improve the financial well-being of lower-income and economically vulnerable consumers.³ Participants suggested that the CFPB could play a role by facilitating a discussion among various organizations working in financial empowerment about developing a standard set of financial outcome measures that would augment measures currently used by financial empowerment programs.

The following provides a description of the process we used to develop and inform the framework for the core set and identifying the specific outcomes to include in the core set. This set of outcomes is designed for programs that serve adults.⁴ For more information and resources related to the CFPB's work on financial education, including on the topic of financial well-being, please visit <https://www.consumerfinance.gov/adult-financial-education/>. For more information about CFPB's services to human service programs, see www.consumerfinance.gov/your-money-your-goals.

³ See *Empowering low income and economically vulnerable consumers: Report on a national convening*, Consumer Financial Protection Bureau (November 2013) available at http://files.consumerfinance.gov/f/201311_cfpb_report_empowering-economically-vulnerable-consumers.pdf

⁴ For more information and resources from the CFPB on financial literacy and youth, see <http://www.consumerfinance.gov/educational-resources/youth-financial-education/>

3.1 The process – learning from the field

Literature review: outcomes assessed in program evaluations

As a first step, we conducted a literature review (see Appendix A) to provide a snapshot of published evaluation studies on financial capability programs through 2014. The review highlighted eight studies that include a discussion of individual and household level financial outcomes that practitioners use to assess program impacts and effectiveness. The review also identified indicators or metrics being fielded or tested to measure outcomes, noting those that program providers consider to be valid and reliable tools for gauging program impacts.

Key takeaways

The review of the studies and evaluations found that:

- Many programs measure outcomes related to increasing savings, creating and adhering to a household budget, reducing unsecured debt, paying bills on time, and improving credit scores;
- Other outcomes included in more than one study of program outcomes are: opening a mainstream bank or credit union account, establishing or improving credit, setting up an automatic savings deposit arrangement or individual development account (IDA), acquiring and protecting assets, and articulating and taking concrete steps toward a financial goal; and
- Some program evaluations have also looked at other outcomes, such as confidence in managing finances and attaining a financial goal; attitudes toward savings, spending, and debt; and attitudes toward high-quality financial services.

Program scan: outcomes tracked by programs

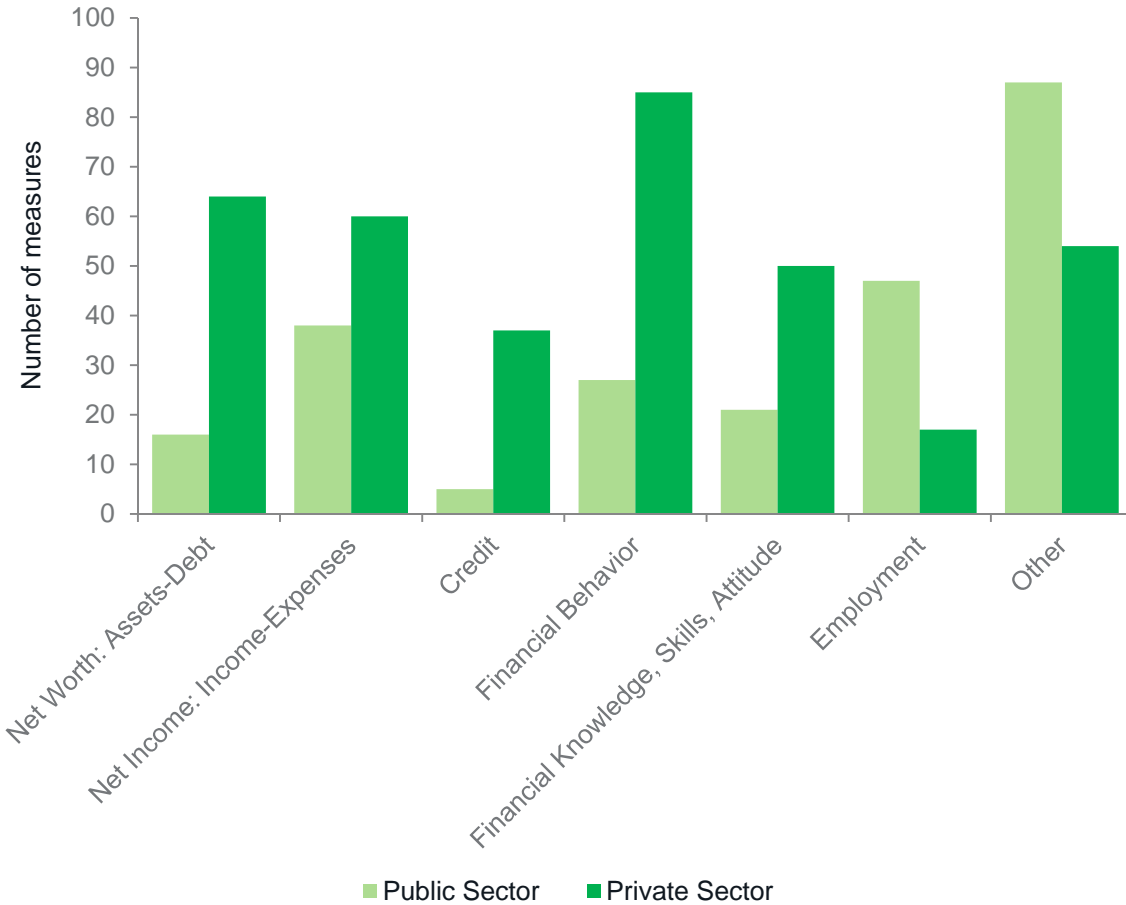
Different organizations providing financial capability and empowerment programs use various frameworks or categorizations for tracking their outcomes. To help describe the various financial outcome measures currently collected, we gathered information about measures from approximately 50 programs, including federal agencies and non-profits that serve low-income populations. Based on this information, we developed a framework to illustrate a potential approach to categorizing and classifying a set of financial outcome measures that could be used

across a variety of program types.

The chart below compares in the aggregate public and non-profit sector measures collected.⁵ While the scan included only a selection of programs, the private non-profit sector organizations that responded indicated that they emphasize financial behavior measures over other types of financial outcomes, e.g., balance sheet measures. Public programs, on the other hand, tracked employment and other demographic measures. This is not surprising, given that the focus of many public programs is on income and employment. For the full set of measures found in the scan, please see Appendix B.

⁵ The CFPB identified various public and private programs that serve low-income and economically vulnerable consumers. The CFPB reviewed public program outcomes and asked various private programs for publicly available information about their outcomes. Then the CFPB conducted a search for the types of programs, used knowledge of programs from internal experience and expertise, and developed the framework per discussion *infra* pp. 15-16 based on the responses and the literature scan.

FIGURE 1: FREQUENCY OF MEASURES BY ORGANIZATION TYPE



Financial Outcome Measures Forum

As a next step, the CFPB hosted a forum in January 2015 to seek input from a group of 100 individuals from government, academia, research, and the nonprofit sector involved in direct services and evaluation work. The specific objectives of the Forum included developing a group of outcome measures from which to select a core set of outcomes that the CFPB would recommend that the programs, funders, and researchers prioritize for use across different types of programs.

Based on the input from participants of the Forum and further discussions with other practitioners and experts, we developed a list of outcomes and criteria to apply to the listed outcomes to narrow the list to a subgroup from which we could subsequently identify a core set. We then invited Forum participants to provide input on the list of outcomes by applying a set of

criteria to help develop a subgroup of outcomes. Those who provided input assigned a value (1, 2, or 3) to each of the criteria as they applied it to the outcome, with 3 representing the strongest rating. For example, for an outcome such as a rainy day fund, the rater may have assigned a 3 for the criteria “easy to understand” because they believed it was an outcome that was very easy for people to understand. See Appendix C for the list of outcomes and the criteria.

The outcomes recommended to be measured that garnered the highest values include: having a rainy day fund, employment, regular savings, positive cash flow, clients’ credit profile, and regular bill payment. After these, the next group of outcomes in the rankings addressed financial behaviors and attitudes. For example, completion of a short-term goal and having a goal or plan in place were followed by outcomes addressing attitudes such as feeling confident about, or in control of, one’s finances. The outcome assigned the least number of points by the group of raters was the ability to access a certain amount of money in a certain period of time.

3.2 Developing an outcome classification framework

There are several different classification frameworks that could be applied to track and measure success in financial empowerment programs. For example, financial outcomes could be based on balance sheet results, e.g., amount saved or debts reduced, or could be oriented more towards behaviors, e.g., tracking the regularity of saving. Participants at the Forum identified some balance sheet or financial status items, such as a having a positive cash flow and rainy day fund. Other frameworks may focus more on measures that assess financial attitudes around money and financial decisionmaking. These classification frameworks are important to help guide programs in determining any changes in their clients’ financial situations, whether such framework relies on objective outcomes, e.g., clients’ credit scores, or self-reported attitudes around their financial situation, or both.

Focusing on money management behaviors may be highly relevant in the context of assessing the success of financial empowerment programs. Outcomes in money management and decision making may eventually lead an individual to experience higher levels of financial well-being. For example, rather than focusing on reducing the amount of an individual’s debt, outcome measures associated with bill payment might reflect the extent to which the individual is able to and does actively manage money, including bill and debt payments. This may be more predictive

of the individual's success because it involves an ongoing set of behaviors. An increase in debt, on the other hand, may signal either progress toward a financial goal such as homeownership, or it may signal trouble, depending on the level of the debt relative to income and other debt, and on the purpose of the debt.

Based on the literature review, scan of the field, feedback from Forum participants and discussions with experts, the CFPB's Office of Financial Empowerment developed a framework to categorize financial outcomes relevant to a broad range of programs that provide financial empowerment as a stand-alone program or as a component of which is integrated with the delivery of other types of human services.

The framework the CFPB chose focuses on money management behaviors. While a consumer's financial balance sheet and status, e.g., income, assets, debt levels, are relevant, the framework is based on the theory that financial behaviors associated with managing money serve as drivers of improved financial outcomes. The framework focuses on actions that consumers can engage in to take control of their financial lives, and associated objective and subjective outcomes, including their overall financial well-being.

3.3 The CFPB Financial Well-Being Scale

As discussed earlier, the ultimate measure of success for financial literacy, capability, and empowerment efforts should be improved individual financial well-being. Therefore, in order to provide practitioners and researchers with a standard, reliable, and broadly available way to measure individual financial well-being, the CFPB led a rigorous research effort to develop a consumer-driven definition of financial well-being, and then identified a set of questions—a “scale”—to measure financial well-being. The CFPB found that financial well-being includes the following elements:⁶

⁶ See *supra* note 2 and accompanying text for more detailed information on the definition of financial well-being, how it was created, and what factors support it.

- Having control over one’s finances in terms of being able to pay bills on time, not having unmanageable debt, and being able to make ends meet. This can be thought of as financial security, in the present.
- Having a financial “cushion” against unexpected expenses and emergencies. Factors that increase consumers’ capacity to absorb a financial shock included having savings, health insurance, and good credit, and being able to rely on friends and family for financial assistance. This can be thought of as financial security, for the future.
- Having financial goals and being on track to meet those financial goals. This also made people feel like they were in good shape financially. Examples of such goals include paying off one’s student loans within a certain number of years or saving a particular amount towards one’s retirement. This can be thought of as financial freedom of choice, for the future.
- Being able to make choices that allow one to enjoy life was also shown by the research to be an essential ingredient in financial well-being. These choices might include taking a vacation, enjoying a meal out now and then, going back to school to pursue a degree, or working less to spend more time with family. This can be thought of as financial freedom of choice, in the present.

With the support of a number of experts using state-of-the-art methods, the CFPB then developed a 10-item scale⁷ to measure individual financial well-being, based on the four part definition of financial security and financial freedom of choice now and in the future, and conducted extensive testing on the scale to ensure its quality and reliability.⁸ The scale questions and response options are provided in Table 2, below.

⁷ The standard version of the scale contains 10 questions. The CFPB also developed a 5-item version that covers the same issues in a more succinct manner, but trades off some sensitivity in measurement. For the scales and a guide to using them, see *Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale*, Consumer Financial Protection Bureau (December 2015) available at <http://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>.

⁸ The statistical analysis used to develop the scale and scoring procedures was conducted by Vector Psychometric Group using Item Response Theory methods. *Id.* at 6.

TABLE 2: CFPB FINANCIAL WELL-BEING SCALE

Questions	Response Options
<p>How well does this statement describe you or your situation?</p> <p>I could handle a major unexpected expense</p> <p>I am securing my financial future</p> <p>Because of my money situation, I feel like I will never have the things I want in life</p> <p>I can enjoy life because of the way I'm managing my money</p> <p>I am just getting by financially</p> <p>I am concerned that the money I have or will save won't last</p>	<p>Describes me completely</p> <p>Describes me very well</p> <p>Describes me somewhat</p> <p>Describes me very little</p> <p>Does not describe me at all</p>
<p>How often does this statement apply to you?</p> <p>Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month</p> <p>I have money left over at the end of the month</p> <p>I am behind with my finances</p> <p>My finances control my life</p>	<p>Always</p> <p>Often</p> <p>Sometimes</p> <p>Rarely</p> <p>Never</p>

Response values to the 10 items can be combined to produce one numerical score between 0 and 100. For more information about the scale and how to use the scoring worksheet, please see the user guide at <http://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>.

The CFPB Financial Well-Being Scale can be used in a variety of ways, including:

- **Initial assessment:** The scale can be used to assess a person's financial well-being at intake. In addition, reviewing individual questions that make up the scale with a person that you serve could also help guide a conversation about their financial situation, both strengths and needs, in terms that resonate with and motivate consumers.
- **Tracking individual progress:** The scale can be used to track changes in an individual's financial well-being over time. While not providing the same quantifiable measure of progress as a financial well-being score, changes in answers to individual items may provide additional, more nuanced insights into how individuals are experiencing their financial situation over time. Such changes may highlight an individual's progress in taking more control over money management, or building stronger protections against financial shocks.

- **Assessing program outcomes:** The CFPB Financial Well-Being Scale provides a tool to measure the extent to which programs are improving the financial well-being of the individuals that they serve. The scale could be used as part of reports on the effectiveness of programs and services, such as financial education and capability programs. It can also be used to compare different populations in one program—for example, how a particular intervention differentially affects different people—or to compare changes in financial well-being across programs.

The CFPB Financial Well-Being Scale was created to supplement program performance measurement tools and data collection procedures that programs already have in place to identify, track, and measure an individual's progress. Analysis of the scale's items as they compare to other relevant financial measures shows that the CFPB Financial Well-Being Scale scores are strongly correlated with a number of self-reported, objective financial indicators such as having emergency savings and experiences with material hardship. However, the scale is not a substitute for these indicators, or for other direct measures of an individual's intermediate outcomes relevant to a given program's specific goals such as improved money management habits or debt reduction.

The CFPB Financial Well-Being Scale adds the following to existing measures of program performance:

- A holistic outcome metric that reflects success in consumers' own terms and allows for variation in individual preferences and goals.
- A rigorous and simple way to measure important but traditionally hard to quantify success factors like feelings of empowerment, confidence and satisfaction.
- A measure that can be used as a common metric across very different types of financial capability programs and approaches, as well as across people and over time.

4. Core set of outcomes

4.1 Description of a core set of five financial outcomes

The core set describes a set of financial outcome categories for programs to use. As stated previously, while a full standardization of measures, data collection processes, and requirements might be ideal from the perspective of measuring collective impact, due to various challenges we recommend a core set of five *outcome categories*. Programs can then identify specific ways to measure these outcomes.

Programs may choose to use all five categories in the core set of outcomes or a few of them. They should choose specific *outcome measures* within the categories that are appropriate to the needs and goals of the specific program. Specific outcome measures and indicators are available from various sources, including some referred to in the examples below.⁹

The following are the five outcomes that comprise the core set of outcomes that the CFPB recommends for financial empowerment programs, funders, and program evaluators to measure. Under each one is an explanation of what the outcome is designed to measure, why the outcome is recommended, and some examples of measures or indicators used by programs

⁹ Prosper Canada developed a registry of indicators, including those in the CFPB's financial well-being scale, as part of its *Financial Literacy Evaluation Tool* <http://outcomeeval.org/cbasearch>. The registry is available at <http://www.indicatorregistry.net/>.

related to the outcome. There is also a table of the outcomes and suggested types of measures or indicators that programs could use to track the particular outcome. With the exception of the CFPB Financial Well-Being Scale, the suggested types of measures have been drawn from various survey questions or administrative measures used by programs or evaluators. The examples given do not mean that every example of an indicator of the outcome should be used together. The examples also do not constitute a scale.

Core Outcome One - Planning and goal setting

What: Measures related to identifying a financial goal, completion of a goal, or having a plan in place to achieve goal.

Why: This is often the first step towards taking control of one's finances and changing behaviors. Planning and goal setting have been linked to improved financial outcomes.¹⁰

Examples of measures used in the field:

- Do you currently have a personal budget, spending plan, or financial plan?¹¹
- How confident are you in your ability to achieve a financial goal you set for yourself today?¹²

Core Outcome Two - Savings

What: Measures that focus on the behavior of saving, either automatically, regularly or both. This outcome could be used with or without measures of the amount saved.

¹⁰ See, e.g., The Center for Financial Services Innovation's (CFSI), *Understanding and Improving Consumer Financial Health in America* (March 2015) at 20. Those surveyed who said they plan ahead to make sure they have the money to make large, irregular expenses are 10 times more likely to be financially healthy than those who say they do not or cannot plan ahead.

¹¹ Center for Financial Security, University of Wisconsin-Madison, *Financial Capability Scale* developed for financial coaching programs available at <http://fyi.uwex.edu/financialcoaching/measures/>

¹² *Id.*

Why: Savings behaviors, including making savings automatic, relate to being able to plan for future goals and absorb financial shocks. In addition to saving for life events, many financial empowerment programs focus on savings as a mechanism to address unexpected expenses or to cover expenses when there are changes in income levels.

Examples of measures used in the field:

- Savings Behavior – How often and where. One outcome evaluation resource provides a five question measure developed for assessing savings behavior.¹³
- Increase savings by at least 2 percent of net income (for those who are already saving)¹⁴
- Establish and maintain a monthly savings habit for three consecutive months (for those not yet saving)¹⁵

Core Outcome Three - Bill payment

What: This outcome is related to behavior associated with bill payment. This includes measures associated with paying bills on time, including measuring the number of, or change in the number of, late fees.

Why: Paying bills on time or in a consistent, planned manner demonstrates money management skills. Late payments on credit cards or other bills have been associated with adverse effects on credit scores.

¹³ The five-question measure is included in the category of “savings behavior” in the Success Measures, Neighborworks America, *Financial Capability Indicators and Tools for adults*, at 12 available at www.successmeasures.org/fctools.

¹⁴ Cities for Financial Empowerment Fund, as described in a customer case study by Social Solutions available at <http://www.socialsolutions.com/wp-content/uploads/pdf/Cities-for-Financial-Empowerment-Fund-US-CS.pdf>

¹⁵ *Id.*

Examples of measures used in the field:

- “I pay my bills on time.”¹⁶
- Percent of bills that are paid on time and in full.¹⁷
- In the last two months, have you been charged a late fee on a loan or bill?¹⁸

Core Outcome Four - Credit profile

What: The person’s credit behavior, including as it influences their credit report and credit history.

Why: A credit history is relevant to many financial and life goals – purchasing or financing a home or auto – and better credit histories or scores are associated with access to lower rates for credit. For some consumers, this could be a simple measure of accessing their credit report annually or their credit score. For those consumers whose credit conduct leads to national consumer reporting agencies treating those as “invisible” or unscorable because of insufficient credit history, programs may need to use alternative sources of data to track this outcome, or measure behavior related to building credit such as moving from unscorable to scorable.¹⁹

Measures related to credit profiles can be self-reported or based on administrative data, such as a payee’s records of late payments or a credit bureau’s data regarding late payments shown in a

¹⁶ Compass Family Self Sufficiency (FSS), *Compass Financial Stability and Savings Program Pilot Evaluation: Second Year Report* (April 2013) Table G, financial practices, at 60 available at <https://iasp.brandeis.edu/pdfs/2013/Compass%20FSS%20Report%20Year%20202.pdf>

¹⁷ The Center for Financial Services Innovation’s (CFSI) *Eight Ways to Measure Financial Health* available at <http://cfsinnovation.org/research/executive-summary-eight-ways-to-measure-financial-health/> uses a framework that includes eight indicators designed to assess four components of financial health - spend, plan, save and borrow. “Pay bills on time and in full,” percent of bills that are paid on time and in full is one of the eight indicators.

¹⁸ Center for Financial Security, *supra* note 11, *Financial Capability Scale*.

¹⁹ For more information on credit invisibles, see Consumer Financial Protection Bureau, *Data Point: Credit Invisibles*, (May 2015) available at http://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf

credit report. These different kinds of measures will vary in their objectivity and subjectivity depending on the source of the data (e.g., a survey answered by consumers or a credit report obtained from a credit bureau).

Examples of measures used in the field:

- Increased credit score (outcome), the number or percent who improve credit scores and the number or percent who have credit score above 650 (outcome measures)²⁰
- Whether one has looked at his/her credit report and knows his/her credit score (series of questions related to credit report and score)²¹
- How would you rate your current credit record?²²

Core Outcome Five - Financial well-being

What: Financial well-being is an ultimate goal of financial education and empowerment for all consumers. The CFPB's previously developed scale is based on a consumer-centric definition of financial well-being and is grounded in research and extensive statistical testing. This scale measures the extent to which someone's financial situation and the financial capability that they have developed provide them with security and freedom of choice.

Why: The CFPB Financial Well-Being Scale addresses the holistic financial state (being able to experience financial security and freedom of choice in the present, and being on track to have them in the future) that many of the programs strive in one way or another to help people to achieve. See Section 3.3 and Appendix D for more information about the scale.

²⁰ Working Families Success Network, *Common Participant Outcomes*, , available at <http://workingfamiliesuccess.com/wp-content/uploads/2013/10/WFSN-Common-Participant-Outcomes-10913-FINAL.pdf>

²¹ Success Measures, *supra* note 13, under classification of "financial behaviors," outcomes related to measures included in "category of building and managing credit," *Financial Capability Indicators and Tools for adults* at 12.

²² Center for Financial Security, *supra* note 11, *Financial Capability Scale*.

4.2 The core set: table

	Core One Planning and goals	Core Two Savings	Core Three Bill payment	Core Four Credit profile	Core Five Financial well-being
Description	Setting up a plan or goal	Having savings or habit	Improvement in bill paying	Improvement in credit profile; thin file /no score to demonstrated credit history	Individual's sense of financial security and freedom of choice
Options for indicators (not exclusive list)	Plan in place	Regularity of savings		Fewer late payments/number of delinquent payments	CFPB Financial Well-Being Scale 10 item (standard) version or 5 item (abbreviated) version
	Goal in place	Automaticity of saving	On-time bill payment	Increase in credit score or credit quality tier	
	Plan execution	Setting up rainy day or emergency fund	Fewer late fees	Alternative data reported, e.g., utility bills (incl. for thin or no file consumers)	
	Goal achieved	Percent of income saved	How person prioritizes if insufficient funds	"Becoming visible" - gaining credit history	
	Active use of plan or budget	Retirement included			
Source	Self- or staff - reported	Self-reported or account status	Self-, or staff-reported or credit report	Credit report and/or credit score	Self-reported
Level	Household or individual	Household or individual	Household or individual	Individual	Individual

5. Using the core set – factors to consider

Organizations and programs can use the entire core set or as many of the five outcomes as are consistent with their program goals. Within the five categories of outcomes, programs would still choose or develop the measures and indicators they want to use to measure within each category. It is helpful to apply criteria in deciding how to measure or which indicator to choose or develop within the core set of outcomes. The list below is a distillation of the input we received about how to think about developing measurement approaches for these or other outcomes to be measured. A full list of the criteria that were proposed at the Forum is included in Appendix C.

- **Feasible to collect:** The measure is possible for a program to collect given current resources. For example, it can be collected via existing administrative data or is available from other third party data that can be regularly accessed. The measure can be self-reported from a survey or by similar means. If the measure already is or could easily be collected during the normal course of business for a program, then feasibility is very high. Most importantly any data collection efforts should have a minimal burden on the people served.
- **Easily understandable:** The measure is easily understandable for the program participants, staff, and other stakeholders. If a program goal is to increase savings for participants, for example, then an outcome measure that tracks how often the person saves makes sense and is easy to understand.
- **Plausible to detect change:** The measure plausibly allows for a detectable change over a reasonable program time horizon. For example, a “20 to 30 point change in credit score” used as measure for a program that only sees people twice in two weeks may not be a useful measure because it is likely not to detect change during such a short service

period.

- **Relatable to other program measures:** The core set of financial outcomes is meant to augment, not displace, current program outcomes. Any measures chosen should be related to current program outcome goals, so that they measure what it is trying to achieve through the program. The extent to which the core set can assist in demonstrating a positive effect on other program outcomes will help programs “tell the story” of success. For example, a transitional housing program that chooses to track a measure related to setting up a budget might find that after participants started to set up budgets, they secured permanent housing more quickly.
- **Compelling:** The degree to which the measure involves an issue that people care about and that makes the case for the value of the program with decision makers and funders. For example, if a lack of credit history is an issue for the population served, then a scorable credit history may be a more appropriate outcome measure than an increase in a credit score.

These are not all of the criteria or factors a program may consider when choosing which financial outcome measures or indicators to use. The measures and indicators included in the table are by no means exhaustive or relevant for all programs. Each program must determine which measure or indicator would best serve their purposes. But by creating this framework of outcome categories and identifying a recommended core set for use across a wide variety of programs, the CFPB hopes it will help the growing and diverse field of financial empowerment measure and demonstrate success across a range of programs using common categories of outcomes.

APPENDIX A:

Literature scan bibliography

The CFPB provided a literature review of research that included summaries of eight studies as background to inform the discussion at the CFPB's Financial Outcome Measures Forum held on January 15, 2015. The following bibliography,²³ with reports (links updated) through December 2014, is from that literature scan.

- Anders, Jessica, Sarah Graddy, Margaret Grieve, and Deborah Visser. *Measuring Outcomes of Financial Capability Programs: Success Measures and Tools for Practitioners*. Washington, DC: NeighborWorks America, 2011 available at <http://www.successmeasures.org/sites/all/files/FinancialCapabilityOnlineFinalOct2011.pdf>.
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²³ This bibliography includes links or references to third-party resources or content that organizations and others may find helpful. The Bureau does not control or guarantee the accuracy of this outside information. The inclusion of links or references to third-party sites does not necessarily reflect the Bureau's endorsement of the third-party, the views expressed on the outside site, or products or services offered on the outside site. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other studies or resources that are not listed that may also be useful references for organizations and others.

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APPENDIX B:

Publicly available outcome measures used by responding programs

The chart shows totals from the collected sample from public and private sector, non-profit program measures that chose to respond to our inquiry. Each measure was assigned a category with three levels of information.

TABLE 3: PROGRAM OUTCOME MEASURES

Sum of value measures	Organization type	
	Public sector	Private sector
Net Worth: Assets – Debt	16	64
Net Worth	0	3
Net Worth	0	3
Assets	10	37
Assets	4	6
Car Value	0	3
Financial Securities, incl retirement	0	4
Home Value	0	2
Savings	6	22
Debt	6	24
Auto Loan	0	3

Sum of value measures	Organization type Public sector	Organization type Private sector
Credit Card	0	3
Debt	6	13
Mortgage	0	3
Student Loan	0	2
Net Income: Income – Expenses	38	60
Income	34	38
Benefits	6	7
Income Preservation	3	5
Self-employment	0	4
Wage	25	22
Expenses	3	22
Child Care	0	3
Debt Payment	1	6
Expenses	1	4
Housing	1	6
Remittances	0	1
Transportation	0	2
Net Income: Income – Expenses Other	1	0
Other	1	0
Credit	5	37
Credit Profile	5	37
Credit Report Status	4	17
Score	1	20

Sum of value measures	Organization type Public sector	Organization type Private sector
Financial Behavior	27	85
Bill Payment	2	11
Goal Setting/Planning	3	5
Money Management	7	11
Other	2	1
Product Use	11	44
Savings Behavior	2	13
Financial Knowledge, Skills, Attitude	21	50
Concern	1	1
Confidence	1	2
Literacy	14	41
Resiliency	5	0
Security	0	6
Employment	47	17
12 Months Continuous Employment	1	0
Employer Participation	2	0
Job Counseling	5	1
Other	39	16
Other	87	54
Program Related and Demographic	81	53
Assessment	11	0
Education	14	8
Enrollment	11	1

Sum of value measures	Organization type Public sector	Organization type Private sector
Household	7	34
Other	9	4
Program Completion	13	3
Recidivism (orgs. that work with previously incarcerated)	15	1
Services Rec'd	1	2
Other	6	1
Other	6	1

APPENDIX C:

Larger group of outcomes and criteria used to identify the core set

List of outcomes: Based on the feedback from the Forum as well as the research and discussions with experts, the CFPB identified the following financial outcome measures to inform the development of the CFPB's core set. Please note: The CFPB is not suggesting that programs use any or all these outcomes or criteria, only that these were the outcomes in use in the field or offered by participants in the field, which the CFPB used to help inform the identification of the core set of outcomes described in the body of this report.

1. **Positive Cash Flow:** This would measure the extent to which a person is able to cover expenses with income (resources coming in).
2. **Regular bill payment:** This relates to whether a person is making on-time bill payments or is missing payments or making late payments.
3. **Regular savings:** This can be automated or any form of consistent and regular savings practice.
4. **Managing debt:** Ability to manage debt by paying, refinancing, participating in debt management plan, etc.
5. **Material hardship:** This assesses whether a person is having a hardship, e.g., cannot pay significant or key expense, is at risk of eviction, etc.
6. **Having a goal:** Person has a goal related to his or her financial life.
7. **Completion of short term goal:** This assesses whether a person followed through and achieved a short term goal, e.g., saving \$50 in two months.

8. Plan in place: This assesses whether a person has a plan in place to address his or her financial life or a component of financial life, e.g., saving \$25 a month for retirement, or putting \$10 extra per month to pay an outstanding debt or unpaid bill.
9. Self-reported confidence to meet a specific goal: This assesses how a person feels about his or her ability to meet a goal.
10. Confidence in handling unexpected expense: This assesses how confident a person feels about being able to address (e.g., get funds to cover) an unexpected expense.
11. Knowledge of where to go: This assesses a person's perception of their ability to get help, e.g., advice, information with a financial decision.
12. Confidence in overall financial decision-making: This assesses a person's confidence about making a financial decision.
13. Feeling in control of finances: This assesses whether a person feels he or she is in control over his or her finances.
14. Rainy Day or emergency fund: This assesses whether a person has a fund set aside for emergencies or other unexpected expenses.
15. Credit profile: This assesses a person's credit behavior and ability to access available credit.
16. Ability to access \$XX in YY days (amount/time varies): This assesses ability of a person to absorb expenses by accessing from some source a certain amount of money in a certain amount of time.
17. Insurance: This assesses whether a person has insurance, e.g., auto, renters, homeowners, medical, to help protect assets and absorb financial shocks, e.g., costs associated with car accidents.
18. No garnishment: This assesses whether a person's income is at risk or not all available to pay expenses.
19. Employment: Having a chance at a steady job supports financial stability and security.

List of criteria: As part of the work at the Forum, participants also developed a suggested list of criteria to evaluate suggested or potential outcomes for the core set. The CFPB further refined and developed definitions of the suggested criteria, and used the following list in the voting process. Those who chose to vote applied this list of criteria to the above-listed outcomes.

The resulting ranked list helped the CFPB identify the core set.


1. **Predictive:** The measure's ability to forecast targeted behavior, action or outcome.
2. **Feasible:** Data or input for the measure is possible to collect in the field with current resources. For example, it can be collected via existing administrative data, it is available from other third party data, or it can be self-reported from a survey or other instrument. If the measure already is or could easily be collected during the normal course of business for a program, then feasibility is very high.
3. **Cost burden:** The cost to the organization to collect the information.
4. **Client burden:** How much it requires of the client in time or money. For example, would a survey take one-half hour of the client's time or would a client have to pay for a statement or other information as part of request.
5. **Easily understandable:** The measure is easily understandable for the program participants, staff, and other stakeholders.
6. **Valid across programs:** The measure can be used across various programs.
7. **Valid across clients:** The measure can be used and measures what it claims to measure across client populations (adult).
8. **Accurate:** The ability of a measure to be sensitive to the person's actual situation with little error or wide ranges of variation.
9. **Detectable change:** The measure allows for a detectable change over the reasonable program time horizon. For example, net worth used as a measure for a program that only sees people twice in two weeks may not be a useful measure because it is likely not to detect change during that time period.
10. **Compelling:** The degree to which the measure involves an issue that people care about and that makes the case for the value of the program with decision makers.
11. **Collected in the normal course of business:** The degree to which the measure is collected during the normal course of business.

APPENDIX D:

CFPB financial well-being scale questionnaires and scoring worksheets

<http://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/>

FIGURE 2: STANDARD VERSION QUESTIONNAIRE AND SCORING WORKSHEET



CFPB FINANCIAL WELL-BEING SCALE
Questionnaire

NAME OR NUMBER _____

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
1. I could handle a major unexpected expense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am securing my financial future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I can enjoy life because of the way I'm managing my money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I am just getting by financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I am concerned that the money I have or will save won't last	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I have money left over at the end of the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I am behind with my finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. My finances control my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Tell us about yourself.

11. How old are you? 18-61 62+

12. How did you take the questionnaire? I read the questions Someone read the questions to me



Scoring worksheet

NAME OR NUMBER _____

1. Select the person's answers, record the response value in the right hand column and add up the total values for each part of the questionnaire.

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all	Response value
1. I could handle a major unexpected expense	4	3	2	1	0	
2. I am securing my financial future	4	3	2	1	0	
3. Because of my money situation, I feel like I will never have the things I want in life	0	1	2	3	4	
4. I can enjoy life because of the way I'm managing my money	4	3	2	1	0	
5. I am just getting by financially	0	1	2	3	4	
6. I am concerned that the money I have or will save won't last	0	1	2	3	4	
Part 1 subtotal:						_____

This statement applies to me	Always	Often	Sometimes	Rarely	Never	Response value
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	0	1	2	3	4	
8. I have money left over at the end of the month	4	3	2	1	0	
9. I am behind with my finances	0	1	2	3	4	
10. My finances control my life	0	1	2	3	4	
Part 2 subtotal:						_____
Total response value:						_____

2. Find the financial well-being score

How old is the person?

18-61 62+

How did the person take the questionnaire?

Self-administered

Administered by someone else

Because scores vary based on age and how the questionnaire was administered, you must convert the total response value to a financial well-being score.

a. Find the row that corresponds to the total response value.

b. Follow that row across to the column that corresponds to the person's age and how the questionnaire was administered.

c. Record the final score.

Financial well-being score: _____


Learn more at

consumerfinance.gov/financial-well-being



Total response value	Questionnaire self-administered		Questionnaire administered by someone else	
	18-61	62+	18-61	62+
0	14	14	16	18
1	19	20	21	23
2	22	24	24	26
3	25	26	27	28
4	27	29	29	30
5	29	31	31	32
6	31	33	33	33
7	32	35	34	35
8	34	36	36	36
9	35	38	38	38
10	37	39	39	39
11	38	41	40	40
12	40	42	42	41
13	41	44	43	43
14	42	45	44	44
15	44	46	45	45
16	45	48	47	46
17	46	49	48	47
18	47	50	49	48
19	49	52	50	49
20	50	53	52	50
21	51	54	53	52
22	52	56	54	53
23	54	57	55	54
24	55	58	57	55
25	56	60	58	56
26	58	61	59	57
27	59	63	60	58
28	60	64	62	60
29	62	66	63	61
30	63	67	65	62
31	65	69	66	64
32	66	71	68	65
33	68	73	70	67
34	69	75	71	68
35	71	77	73	70
36	73	79	76	72
37	75	82	78	75
38	78	84	81	77
39	81	88	85	81
40	86	95	91	87

FIGURE 3: ABBREVIATED VERSION QUESTIONNAIRE AND SCORING WORKSHEET



CFPB FINANCIAL WELL-BEING SCALE

Questionnaire

NAME OR NUMBER _____

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
1. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am just getting by financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I am concerned that the money I have or will save won't last	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
4. I have money left over at the end of the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. My finances control my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Tell us about yourself.

6. How old are you?	<input type="checkbox"/> 18-61	<input type="checkbox"/> 62+
7. How did you take the questionnaire?	<input type="checkbox"/> I read the questions	<input type="checkbox"/> Someone read the questions to me



Scoring worksheet

NAME OR NUMBER _____

1. Select the person's answers, record the response value in the right hand column and add up the total values for each part of the questionnaire.

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all	Response value
1. Because of my money situation, I feel like I will never have the things I want in life	0	1	2	3	4	
2. I am just getting by financially	0	1	2	3	4	
3. I am concerned that the money I have or will save won't last	0	1	2	3	4	

Part 1 subtotal: _____

This statement applies to me	Always	Often	Sometimes	Rarely	Never	Response value
4. I have money left over at the end of the month	4	3	2	1	0	
5. My finances control my life	0	1	2	3	4	

Part 2 subtotal: _____

Total response value: _____

2. Find the financial well-being score

How old is the person?

18-61 62+

How did the person take the questionnaire?

Self-administered

Administered by someone else

Because scores vary based on age and how the questionnaire was administered, you must convert the total response value to a financial well-being score.

a. Find the row that corresponds to the total response value.

b. Follow that row across to the column that corresponds to the person's age and how the questionnaire was administered.

c. Record the final score.

Financial well-being score: _____

Total response value	Questionnaire self-administered		Questionnaire administered by someone else	
	18-61	62+	18-61	62+
0	19	20	22	24
1	25	26	30	30
2	29	31	33	33
3	32	34	36	37
4	36	37	39	39
5	38	40	42	42
6	41	43	44	44
7	43	46	47	46
8	46	48	49	49
9	48	51	51	51
10	50	53	54	53
11	53	55	56	55
12	55	58	58	57
13	57	61	60	59
14	60	63	63	62
15	63	66	66	64
16	65	69	68	67
17	68	73	72	70
18	72	76	75	73
19	76	81	80	77
20	82	90	87	84

Learn more at
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