

Financial Education

Teaching money management to improve reentry success

Agency: Pennsylvania Department of Banking and Securities and the Pennsylvania Department of Corrections

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Context

Providing financial and banking education to prison residents before they reenter society may give them useful skills for a successful transition to community living.

Key Finding

A statistically significant difference in recidivism rates across the randomized intervention and control groups was found at 6-month follow-up ($p < 0.1$) but not at 12-month follow-up.

*BetaGov trains agency personnel to become research-savvy "Pracademics" who lead trials.

Background

Life in the community often requires making complex financial decisions, and people releasing from prison may not have recent experience navigating banking, finance, and credit. The Pennsylvania Department of Banking and Securities (DoBS) provided financial education at selected Pennsylvania Department of Corrections facilities, to determine whether a financial-education course would affect finance-related behaviors and recidivism rates.

Trial Design

In this intent-to-treat trial, participants were randomized to either receive the financial-education course or not. Recidivism, defined as an arrest by a Pennsylvania law-enforcement agency or a return to incarceration, was assessed at 6- and 12-months after release. Participants were contacted after release to complete a survey on banking and finance issues.

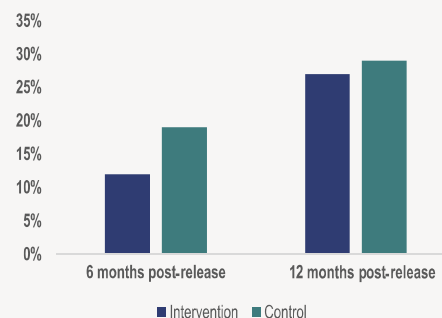
Results

Of 422 reentrants who were randomly assigned to condition (Intervention=212, Control=210), 308 were released from prison. Six-month follow-up recidivism data were obtained for 99.4% of people who were released from prison. At 6-month follow-up there was a marginally significant improvement in recidivism (reduced recidivism) for those in the intervention group (11.8% vs. 19.3%; $p < 0.1$). Twelve-month follow-up recidivism data were obtained for 87.0% of those released. At 12-month follow-up there was no meaningful difference between the groups (the recidivism rate

was 26.6% for those assigned to the intervention group and 29.4% for those assigned to control; the difference is not statistically significant). A follow-up survey was intended to gauge the impact of the intervention on banking status and credit, but only a minority (32%) of those who released from prison completed it. The survey did not find improvements in the percentage of reentrants who opened a bank account or a line of credit. However, given the low response rate, no reliable conclusions can be drawn on these items.

Recidivism data obtained from administrative records indicate that the financial-education course may have benefited reentrants during the early months after release, but the benefits disappeared after 12 months in the community. Future, better-resourced studies of financial-education courses should include additional efforts to increase survey-response rates among reentrants (aggressive tracking-and-locating and incentivizing participation) to ensure reliable results.

Recidivism rate, by time and condition



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