

How Today's Active Profina DMP Clients Differ From the Non-active Back When They All Committed

April 5, 2001 – Final Report of Descriptive Data

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Purpose

The purpose of this study was to examine the work life and personal finances of a sample of the 3,000+ new Profina clients and track them over a one-year time period. It is anticipated that participation in the Debt Management Program will improve clients' personal financial wellness and their job performance. Should the expected improvements occur over time, a calculation can be developed to estimate the dollars an employer gains by employee participation in the Profina Debt Management Program.

For example, the results might show that improved job performance for a Profina client is worth \$2,000 to his/her employer. The return would come from improvements in absenteeism, presenteeism (the loss of productivity that happens when employees are on the job but are not fully functioning), time dealing with financial concerns at work, job performance, job turnover, presenteeism, stress, and physical health. To obtain data to support this analysis the respondents in this study will need to be surveyed again in May 2001. The direct costs for the follow-up study are estimated at between \$2,500 and \$4,500.

This interim report, however, examines only the data from the pre-assessment survey conducted in June 2000. This report will describe the sample of the respondents some of whom are active clients today while others are not. These data do not support any cause and effect relationships. Presented herein are descriptions of all the respondents divided into two groups created on an ad hoc basis after all the questionnaires were completed and returned.

Methodology

Data were collected during June 2000 from 355 new clients of Profina Debt Solutions^{wm} who committed to Profina between January and the end of April 2000. The 355 respondents represent a 20 percent return from the sample of approximately 1,800 clients for whom accurate addresses were obtained. The return rate is typical of survey research that does not utilize aggressive follow-up techniques, as was the case in the methodology of the present study. All of the 355 individuals contacted Profina and returned completed commitment forms. The data were self-reported by the respondents on printed questionnaires, and there was no reason to believe that any respondents misreported responses to the questions, although three questionnaires were deleted due to incomplete data.

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Findings

Rather than simply describe all of the variables for the 355 respondents in this report, a more meaningful arrangement of data is provided below. The reason for this format is that the researcher took advantage of the opportunity to examine the internal client database, the Statistical Analysis Repository (SAR), in January 2001 to ascertain whether or not the 355 respondents were active clients. The term active in January meant that the person had made a payment to Profina in the previous 90 days. Some of the 355 respondents made their first payment between January and the end of September 2000 (N = 191, 55%) and a smaller number remained as active clients as of January 2001 (N = 160, 45%).

For this report the 355 respondents are divided into two categories: (1) active clients in January 2001, and (2) inactive in January 2001 as the individuals either never made a first payment or they made one or more payments between January 2000 and the end of September 2000 and subsequently dropped out of the DMP program by the January 2001. In the present study, there are 160 active clients and 195 inactive.

Similarities Between Active Clients and Non-active

One would expect that the active and non-active respondents to be similar in demographics as well as in the other work-life and personal finance variables. This is logical since all 355 were similarly situated during the January through April 2000 time frame they all were in severe financial pain and sought credit counseling from Profina. And, in fact, the two groups are similar in many respects as shown in the list of 22 variables below:

Demographics

1. Gender
2. Marital status
3. Housing

Financial Wellness

4. Satisfaction with present financial situation or financial wellness
5. General insecurity about personal finances for retirement
6. What happened to cause client to contact Profina

Health

7. Overall physical health
8. Health compared to others
9. Degree of stress before contacting Profina
10. Health affected by personal financial problems

Work Life

11. Frequency of financial concerns interfering with work
12. Job absenteeism

13. Times missed work because of inability to pay for childcare
14. Times missed work to deal with financial matters
15. Times missed work due to injury or illness
16. Job tardiness
17. Days present at work but totally unable to be productive (presenteeism)
18. Days present at work with reduced productivity (presenteeism)
19. How much work they accomplished for their employer
20. Quality of work performance
21. Performance rating from employer
22. Intention to quit or leave employer

The descriptive data for the above variables are shown in the Appendix Tables. The two groups were similar on demographics, financial wellness, health, and work life. These 21 variables will serve as the control variables when the 2001 study seeks to identify changes in Profina clients one year later.

Differences Between Active Clients and Non-active

Upon inspection, however, a substantial number of differences were found between the two groups when the SAR database was used to classify each respondent according to their active status several months later, in January 2001. Therefore, the data in the table in the Appendix provides insights into a key question: “How do today’s active Profina DMP clients differ from those who are not active?” Keep in mind that all the descriptive data below were collected at the same time in June 2000 and that the two groups were, in fact, one group newly committed clients who contacted Profina between January and the end of April 2000.

Importantly, those who stayed the course and remain clients today (in January 2001) actually are different in many ways when compared to the inactive (those who either never made a first payment or they made one or more payments between January 2000 and the end of September 2000 and subsequently dropped out of the DMP program by the end of December 2000). The active clients differed on 14 variables in four categories: demographics, financial wellness, health, and work life. Also see Chart 1 below.

The demographics of the people who became active Profina clients rather than inactive are those who are more apt to:

1. Be white (68% versus 57%)
2. Have a bachelor’s degree or higher (22% versus 14%) rather than high school or less (27% versus 36%)
3. Reside in metropolitan areas and cities (64% versus 52%) rather than towns and rural communities (36% versus 48%)
4. Be employed (88% versus 82%)
5. Have a mid- to high-status job (95% versus 80%) rather than a low-status job (5% versus 20%)

On two financial wellness measures, active clients rather than inactive are those who are likely to:

6. Feel overwhelmed or have difficulties with their current financial situation (77% versus 86%) rather than be doing okay or easily saving (23% versus 14%)
7. Be well off financially (23% versus 16%) rather than having some difficulties or always in trouble (77% versus 84k%)

On several Indicators of health, active clients rather than inactive are those who are likely to:

8. Be experiencing moderate, low, or no stress after contacting Profina (87% versus 57%) rather than severe or overwhelming stress (13% versus 43%)
9. Have no stress, not stressed at all, or not very stressed about personal finances (26% versus 20%) rather than be somewhat stressed or extremely stressed (74% versus 81%)
10. Be experiencing stress often (47% versus 40%) rather than frequently (20% versus 28%)
11. Feel tense or anxious during 1 to 3 of the past seven days (54% versus 42%) rather than during 4 to 7 of those seven days (32% versus 43%)
12. Be frequently or often bothered by health problems (34% versus 45%)

On two work-life measures, active clients rather than inactive are those who are likely to:

13. Feel comfortable going to supervisor to talk about money problems (71% versus 80%)
14. Agree that supervisor is willing to help with routine financial concern (39% versus 21%)

The descriptive data for the above variables are shown in the Appendix Tables.

Summary and Conclusions

This report of the 355 respondents divides the sample into two categories: (1) active clients in January 2001, and (2) inactive as of the same date because the individuals either never made a first payment or they made one or more payments between January 2000 and the end of September 2000 and subsequently dropped out of the DMP program by the end of December 2000. The 355 respondents in this study include 160 (45%) active clients and 195 (55%) inactive. These data do not support any cause and effect relationships. Presented herein are descriptions of all the respondents divided into two groups created on an ad hoc basis after all the questionnaires were completed and returned.

Similarities are Important

The two groups are similar in 21 variables in four categories: (1) the demographics of gender, marital status, and housing; (2) health as indicated by self-reported information on overall physical health, health compared to others, the degree a stress experienced before contacting Profina, and health problems affected by debt problems; (3) financial wellness as measured by satisfaction with present financial situation and degree of insecurity about personal finances for retirement; and (4) work life as measured by nine variables including performance rating from employer and intention to quit.

The similarities on 22 variables are important because they will serve as the control variables when seeking to identify changes in Profina clients one year later. In the planned follow-up study of the 355 respondents in May 2001, it is anticipated that certain variables will improve because of client participation in the Profina Debt Management Program. It is hoped, of course, that the Profina program will increase people's personal financial wellness. Furthermore, based on findings from other research it is anticipated that active clients of Profina who are employed will demonstrate improvements in their work lives because of their participation in the Debt Management Program. Improvements are expected to occur in such areas as frequency of financial concerns interfering with work, work time wasted attending to financial concerns, absenteeism, presenteeism, job performance, and retention. Should the expected improvements occur over time, a calculation can be developed to estimate the dollars an employer gains by employee participation in the Profina Debt Management Program.

Differences Indicate What Active Clients Bring to Profina

The differences between active clients and inactive are interesting because they indicate what active clients bring to Profina Debt Solutions. The negatives in the lives of active clients indicators of their financial wellness and health are not quite as severe as those who are inactive. Active clients are slightly more positive than inactive respondents about the likelihood of their supervisors helping them deal with their routine financial concerns.

Also, an argument can be made that one reason why the inactives failed to become and remain active was because they did not take early enough action to call Profina. As a result, they are a little worse off financially, they are more stressed, and they do not seem to be relieved of stress as much after calling Profina. These factors may contribute to the substantial attrition rate between the first contact and making the first pay. This suggests that as an organization Profina needs to consider becoming more proactive in reaching out to those who initially make contact with the organization. Outbound communications to potential clients may increase retention and result in more active clients.

Future Well-Being of Active Clients May Reduce Employers' Costs

Looking at the positives in the data suggests that in contrast to those who are inactive, a number of active Profina clients have a shorter distance to travel on

their journey to improved personal financial wellness and financial freedom. Hopefully, the researched variables will demonstrate measured improvements that may be attributed to being Profina DMP clients for one year. And the improvements most sought after in the research design will be in the areas of personal financial wellness, of course, but in particular health and work life. Then a calculation can be developed to estimate the dollars an employer gains by employee participation in the Profina Debt Management Program. And, the findings will be widely publicized.

Further Research

First, although this database is but a single, cross-sectional slice in time, it is rich with potential research questions that can and will be answered in the next few months. Most important, perhaps, is to get a detailed statistical snapshot of the factors that predict becoming an active client. Second, this sample of inactive and active clients will be surveyed again one year later, in May 2001, using a similar, but shorter, questionnaire, primarily to ascertain changes in the active clients that perhaps are attributable to their continued participation in the Debt Management Program. If the data are positive in the direction anticipated, calculations will be made to determine the likely cost to an employer of a DMP client. This will be the first study of its kind, ever, and it is the kind of data needed to persuade employers to support employee education that acquaints workers with the availability of and access to the benefits of becoming an active client of Profina Debt Solutions.