

Financial Capability and Domestic Violence Prevention

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Introduction

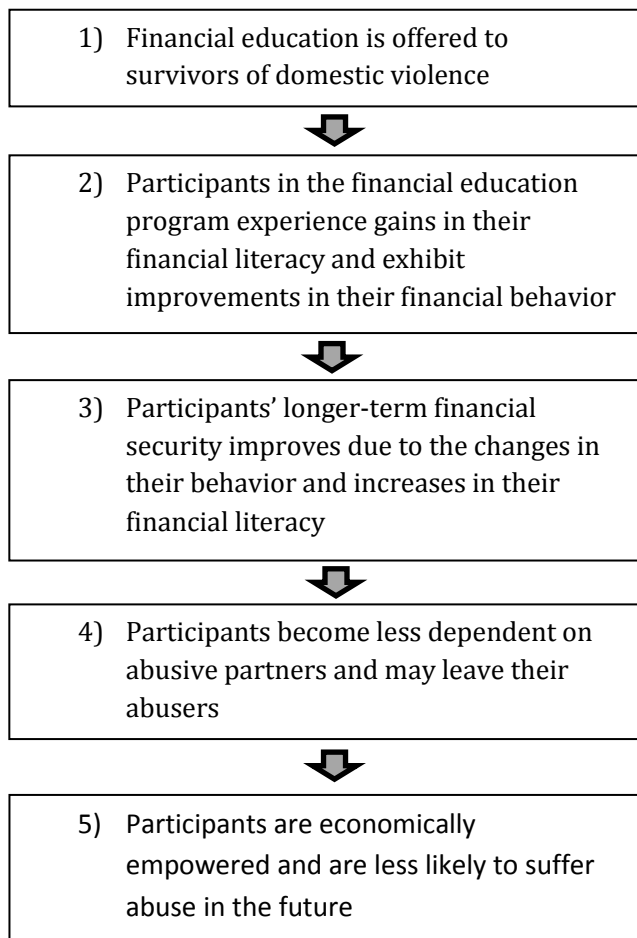
In a recent article, Weaver et al. (2009) outline three links between women's economic circumstances and domestic violence. First, the authors note that socioeconomic status (at both the community and individual/family levels) is negatively associated with domestic abuse; that is, poorer women are more likely to be victims of domestic abuse and wealthier women are less likely to experience it (Weaver et al. cite the following studies in support of this first point: Kurz, 1998; Meier, 1997; Tolman & Raphael, 2000). Weaver et al. remind readers that domestic abuse occurs across socioeconomic lines, so the relationship between economic status and abuse pertains to the *probability* of abuse. Second, the authors highlight past research showing that women who are economically dependent are less able to leave abusive partners, and that the degree of women's economic dependence is associated with the severity of the abuse they suffer. A higher degree of economic dependence is linked to more severe abuse, and vice versa (studies cited in Weaver et al.'s discussion about economic dependency include Johnson, 1992; Kalmuss & Straus, 1982; Strube & Barbour, 1983; Sullivan, 1991). Third, Weaver et al. (2009) observe that economic abuse is in itself a form of domestic abuse since abusive partners may act in ways that harm women financially and undermine their ability to become financially independent. Examples of economic abuse include limiting women's access to funds and undermining their ability to gain employment (studies cited by Weaver et al. for this third point include Browne, Salomon, & Bassuk, 1999; Ptacek, 1997).

In summary, Weaver et al. (2009) contend that the relationship between domestic violence and women's economic circumstances centers on three points: 1) poorer women are more likely to suffer domestic abuse, 2) poorer women are less able to leave abusers and tend to suffer more severe abuse, 3) and economic abuse is in itself a form of domestic abuse (more specifically, economic abuse is often considered a form of psychological abuse). These general premises appear to underlie the interest in expanding financial education programs for survivors of domestic violence. Ideally, these programs improve women's economic circumstances, thereby reducing domestic abuse going forward.

Financial Education for Survivors of Domestic Violence

Financial literacy is linked to better financial outcomes (for example, see Hilgert, Hogarth, & Beverly, 2003; Lusardi & Mitchell, 2007), so financial education is often proposed as an intervention for enhancing American's financial literacy and thereby bolstering their longer-term financial security. Nonetheless, the degree to which financial literacy influences behavior and causes (rather than is merely associated with) long-term improvements in financial security remains unclear. Taken as a whole, studies on the effectiveness of financial education suggest that while financial education holds promise, its effects are relatively small in magnitude (Collins & O'Rourke, 2010). Collins and O'Rourke (2010) observe that methodological weaknesses across studies raise concerns that the effects of financial education are overstated. Instead of reviewing the entire literature on financial education, we

will focus on the two studies we identified that directly address financial education for survivors of domestic violence. Before doing so, we outline a simple model concerning how financial education may benefit survivors of domestic violence. This model draws on the literature discussed above.



The two studies we identified focus on the link between the first and second boxes in this model, namely whether financial education for survivors of domestic violence improves their financial literacy. Establishing whether financial education leads to longer-term reductions in domestic abuse will require more extensive analysis over a longer follow-up period.

Sanders, Weaver, and Schnabel (2007) evaluate a financial education program delivered in two battered women's shelters. Women in two shelters with similar populations and structures

comprised the study's comparison group. The program consisted of four three-hour sessions that focused on money and power, developing a cost-of-living plan, building and repairing credit, and banking and investing. While the program sought to provide general financial education, it also dealt with topics specific to domestic violence. The pre- and post-tests consisted of a 35-item questionnaire that aggregated questions on financial knowledge, financial attitudes, and sociopolitical factors. The post-test was completed two weeks after the final class. The comparison group's mean score did not change from pre- to post-test, and the treatment group's mean score increased by a marginal effect of 4.5% (107 to 112). Nevertheless, because the scale aggregated disparate types of questions, it is difficult to make inferences about the program's effects. The study had an attrition rate of 43%, primarily due to the nature of the population that the program served. The authors tested for differences between women who completed the pre- and post-tests and women who only completed the pre-test, finding significant differences. The authors discuss the potential for attrition bias, although the statistical analysis does not correct for it. Overall, this study provides preliminary evidence that financial education for survivors of domestic violence leads to improvements in financial literacy and other measures including self-efficacy.

The Allstate Foundation has funded an evaluation of the *Moving Ahead Through Financial Management* curriculum, which is specifically designed for survivors of domestic violence (the curriculum is available at <http://www.clicktoempower.org/resources/financial-empowerment-curriculum/fec-pdfs.aspx>).¹ Professor Judy L. Postmus of the Center on Violence Against Women and Children at the Rutgers School of Social Work has published preliminary findings from her research on the *Moving Ahead* curriculum. It is important to note that this research is ongoing, and additional findings from this project will be released over the coming months. The curriculum was implemented by domestic violence agencies and

shelter programs across 10 states. The current round of results, deemed “exploratory” by the author, shed light on how clients used information from the curriculum and whether they were satisfied with the curriculum. Future research on the curriculum will analyze whether the financial education program affects the extent to which survivors of domestic violence experience economic abuse following the program.

In the final report on the study’s exploratory phase, Postmus (2010) found that 92 percent of participants were satisfied with the curriculum, more than one-half of participants used information from the curriculum “often” or “very often,” 88 percent of participants had set financial goals, three quarters had created a budget, nearly 25 percent started a retirement account, and about two-thirds reported paying off debts or looking up their credit history. Because this study is descriptive in nature (meaning there is no comparison group) and the outcomes are self-reported, some caution is needed in interpreting these overwhelmingly positive findings. Nevertheless, these findings suggest that participants valued the financial education program and thought highly of the *Moving Ahead* curriculum. Again, future research on this intervention will focus on longer-term outcomes.

Overall, little research on the link between financial education and domestic violence prevention exists. It appears that this area of inquiry is garnering increased attention, and valuable research will be emerging from the evaluation at the Rutgers School of Social Work. While initial results are promising, far more research is needed to shed light on how, if at all, financial education reduces domestic abuse over time. This is no easy task, and research along these lines will require extensive resources.

Looking to the Future: The Link between Asset Building and Domestic Violence

Michael Sherraden at Washington University in St. Louis has long promoted the importance of asset building, rather than just means-tested income transfers, for improving the long-term economic well-being of the poor. In testimony before the President’s Commission on Social Security, Sherraden (2001) observed that financial assets are associated with increased marital stability and reductions in domestic violence. Domestic violence is strongly associated with marital dissolution (Sherraden, 2001). Thus, facilitating asset building among the poor is one mechanism for reducing both domestic violence and marital dissolution. Sherraden has also written about the need for Family Economists and Social Workers to collaborate in their mutual efforts to improve family welfare (Rupured, Most, & Sherraden, 2000). Sherraden has advocated individual development accounts (IDAs) for helping low-income individuals build assets.

IDAs are matched savings accounts that allow families to save and build assets. The matching funds come from a variety of private and public sources, including the Assets for Independence program (within the U.S. Department of Health and Human Services), which provides funding to IDA organizations nationwide. IDAs generally require clients to attend financial education programming, and IDA funds are typically restricted to purchasing a first home, paying for higher education, and starting a small business. Some organizations that assist domestic violence survivors have created IDA programs, aiming to help their clients build assets. These organizations include Building Security through Assets and Financial Education (<http://mtbsafe.org/>), the Kentucky Domestic Violence Association (www.kdva.org), and Redevelopment Opportunities for Women (<http://www.row-stl.org/Content/>). The effect of asset building initiatives on domestic violence is an area ripe for future research.

Endnotes

1 Two other financial education curricula for victims of domestic violence include the National Coalition Against Domestic Violence's *Hope and Power For Your Personal Finances* curriculum (available at <http://shop.ncadv.org/inc/sdetail/164>) and the REAP curriculum from the Redevelopment Opportunities for Women organization in St. Louis, MO (<http://www.row-stl.org/Content/>). Sanders, Weaver, and Schnabel (2007) evaluated the REAP curriculum.

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The Center for Financial Security (CFS) focuses on research that promotes individual and family financial security and informs public policy on the local, state, and national levels. The CFS focuses on vulnerable populations as defined by income, education, race/ethnicity, household status, disability, and financial shocks. CFS research falls into three categories:

1. Measurement - how to measure financial security and literacy
2. Targeting - who should be the focus of interventions
3. Testing - which interventions work and for whom

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