Integrating Financial Capacity Building Into Public Programs

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**Introduction**

Issues of financial literacy and asset building remain critical even as the economy exits the great recession. Financial Reform and numerous local, state and Federal initiatives increasingly are focused on developing and implementing education, advice and products with the goals of building consumer financial management capacity. Efforts are focused on youth, workplace or school based learning and other contexts for adults and families remain promising. Efforts to provide financial education are evolving from one-off workshop or counseling to more integrated interventions over the life course—creating a cumulative effect. But certain targeted vulnerable populations remain hard to reach. One opportunity to explore is closer linkages with existing public programs.

**Why Integrated Models?**

1) Isolated educational workshops and counseling are plagued by high per person costs, poor turnout and ambiguous impacts. One-off workshops and interventions are difficult to develop at scale and are not likely to be financially sustainable.

2) Existing public systems have extensive contact with vulnerable populations and structures in place to deliver interventions. Piggybacking on this infrastructure is likely to be more efficient and reach targeted populations.

**Important Considerations**

1) The staff of public programs—case workers, counselors, teachers, managers and administrators—often entered their fields because of dedication to public service or social work, not due to an interest in personal finance. Many may themselves demonstrate low levels of functional financial literacy. The provision of education to the people in these agencies is a key first step, including incentives and advancement for accruing such skills.

2) The goal is not to make all public program employees financial experts, but rather for them to be able to recognize underlying or latent needs for people to be referred to financial services, including tax prep, budget or credit counseling and benefits screening. A key first step will be to develop, test and verify diagnostic tools for lightly trained staff to make accurate diagnoses and referrals.

**Programmatic Opportunities**

There are a number of programmatic opportunities, for example:

*Head Start and Early Head Start.*

There exist directives for programs to include financial literacy into existing parenting education programs. Diagnostics as part of home visits, screenings as part of annual income certification, dual-generation educational workshops and individual financial coaching are all potential programs. The regularity of contact with parents, linkages to child care and the fact parents of young children often have salient personal financial goals suggest this platform has great potential.

*Tax preparation (VITA).*

This has been an area of existing activity, although take up rates have been low in most pilots. Again the IRS directs VITA to focus on financial literacy and the scale of programs has the potential to have
a wide reach. Moreover, tax time is one
time per year families have financial
information available. Yet this is a short-
term intervention and methods to engage
clients over time have been a challenge.
This is an example of a program with great
potential but implementation challenges.

Food supports.
SNAP and other programs often offer
education on nutrition. In Wisconsin, for
example, nutrition educators teach 'money
for food' but program regulations prohibit
more extensive financial education. This is
an example of a program needing attention
to expand opportunities.

WIC and visiting nurse programs.
Like SNAP and Early Head Start the
home visit can be an opportunity to
diagnose financial issues and make
referrals.

Domestic violence prevention.
Several programs have launched
education/counseling in personal finance
both as a way to help spouses/partners
maintain some financial control as well as
to promote independence.

Housing counseling.
Housing counseling has long been on
the forefront of delivery of financial
content, especially budgeting, but referrals
for banking, tax and other basic financial
services are areas where even this field can
improve.

Job training.
Job preparation programs often focus
more on getting and retaining employment
rather than managing income once regular
employment is achieved.

Housing subsidy programs.
Already clients in subsidized housing in
self-sufficiency receive robust financial
literacy training. But new angles might be
explored including financial literacy for
landlords who own properties subsidized by
Section 8 vouchers. Small landlords are
often low income and are forced to manage
property on tight budgets.

State SCHIP.
As families are screened and enrolled in
health coverage outstanding medical debt
is common. With information and referrals
families might be guided to appropriate
solutions.

Next Steps
These examples are meant to be
illustrations of the potential for a new wave
of innovations in financial capacity
building. Critical next steps include
discussions at the national and state level
about how financial education can be
delivered to staff with the goal of
increasing referrals and access to services.
The goal should be to design financial
capacity building interventions that match
the workforce, systems and clients served
by the public sector. If successful this
approach might result in improved client
outcomes across financial and non-financial
domains.

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