

# **Welcome to the Center for Financial Security Family Financial Security Webinar Series**

August 16, 2011

*Integrating Financial Education into Traditional Family  
Support Services*

*Sponsored by a grant from the UW-Madison School of Human Ecology Beckner Endowment*

# **Integrating Financial Education into Traditional Family Support Services**



## **A CASE STUDY IN CHILD MALTREATMENT PREVENTION**

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University of Wisconsin-Madison, School of Social Work  
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**\*Based on joint work with Lonnie Berger and Michael  
Collins**

# What are Family Support Services?

# The Family Support “Movement”



- **1980-1990:** Growth in grass roots movement to support families
  - Community-based
  - Strengths-based services, family defined needs
  - Often, no set time-frame or service intensity
  - Voluntary and require that families ask for help.
  - No specialized training/credentials
  - Re: child maltreatment prevention, heavily focused on parenting interventions
  - Created a broad market for services, but not successful at attracting people who did not believe that they needed support services.

## Evidence-based Family Support Prevention Models

- MOST family support models of service are NOT evidence-based.
- Family support models: philosophy of service —do not turn someone away who requests help.
  - Some that target and recruit participants (e.g., Head Start, some home visiting programs) have been experimentally evaluated.
- What sounds good doesn't always “work”

## To sum up...



- Services to at-risk populations based on family support models:
  - Often lack a coherent model of intervention
  - Often lack evidence of impact
  - Often resistant to evaluating impact (in rigorous sense)
  - In the child maltreatment prevention arena, often stay in the “comfort zone” of intervening around parenting knowledge, behaviors, parent-child attachment



# **A Case Example in Child Maltreatment Prevention**

# Child Maltreatment and Poverty



- Low-income families are over-represented in child protective services (CPS) and out-of-home care populations;
- In National Incidence Studies (NIS-1-2-3-4), strong inverse correlation with income;
- Child maltreatment report rates are greatest in communities with high poverty rates and high unemployment rates;
- Receipt of public assistance (e.g., TANF, Food Stamps) predictive of CPS involvement;
- Strong correlation between welfare assistance and child protection caseloads, at least prior to 1996 federal welfare reform.

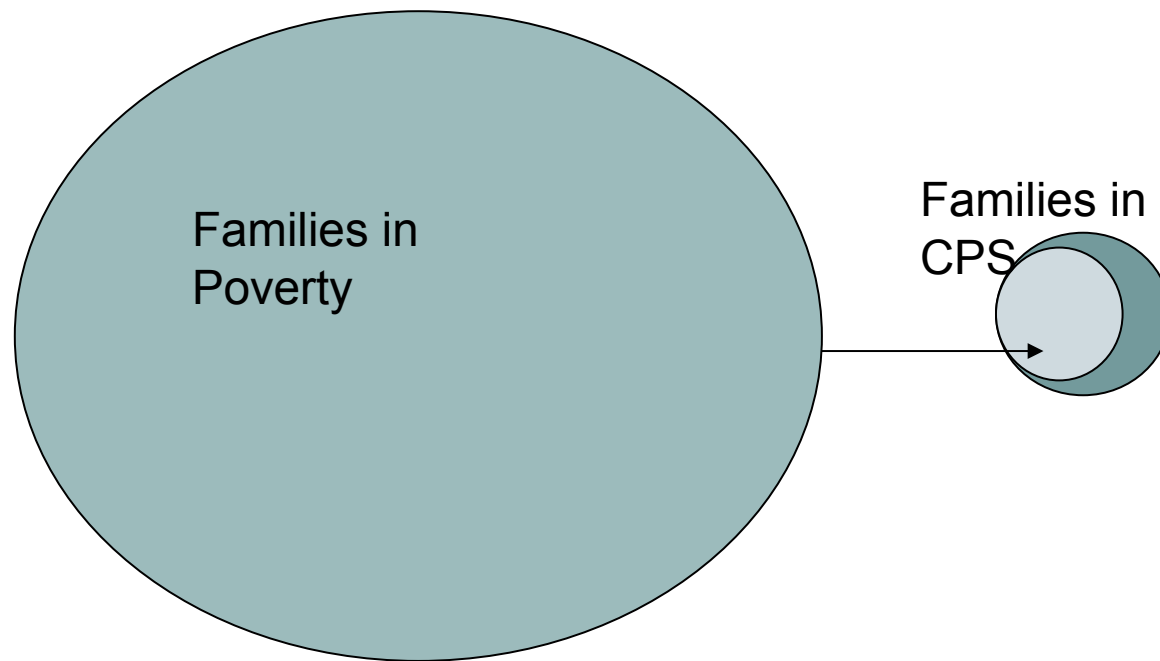


## Poverty vs. Parenting?



- Markers of both poverty and parenting struggles predict maltreatment, particularly neglect;
- Parenting characteristics do not appear to “explain” the links between poverty and maltreatment;
- Suggests independent effects of poverty and parenting.

## Most Poor Families Do Not Maltreat...



# The Milwaukee CRP Model

\*Piloted in La Crosse County

Linking to benefits and economic resources

Target Population:  
Families whose CPS cases close upon investigation

Assistance with financial decision-making

Service Duration:  
~8 weeks; families can re-engage if they need additional assistance

ECONOMIC SUPPORT FOR  
FAMILIES AT RISK

One-time emergency assistance with economic needs

**Partners:**

Wisconsin Children's Trust Fund  
Wisconsin Dept. of Children & Families  
UW-Madison Institute for Clinical & Translational Research

# Assistance with Financial Decision-making



- Working with unbanked clients
- Reducing unnecessary fees associated with check-cashing places, late fees, etc.
- Addressing debt issues, credit problems
- Planning for expenses
- Avoidance of predatory lenders
- Budgeting
- Saving
- Establishing financial goals

# Implementation Challenges

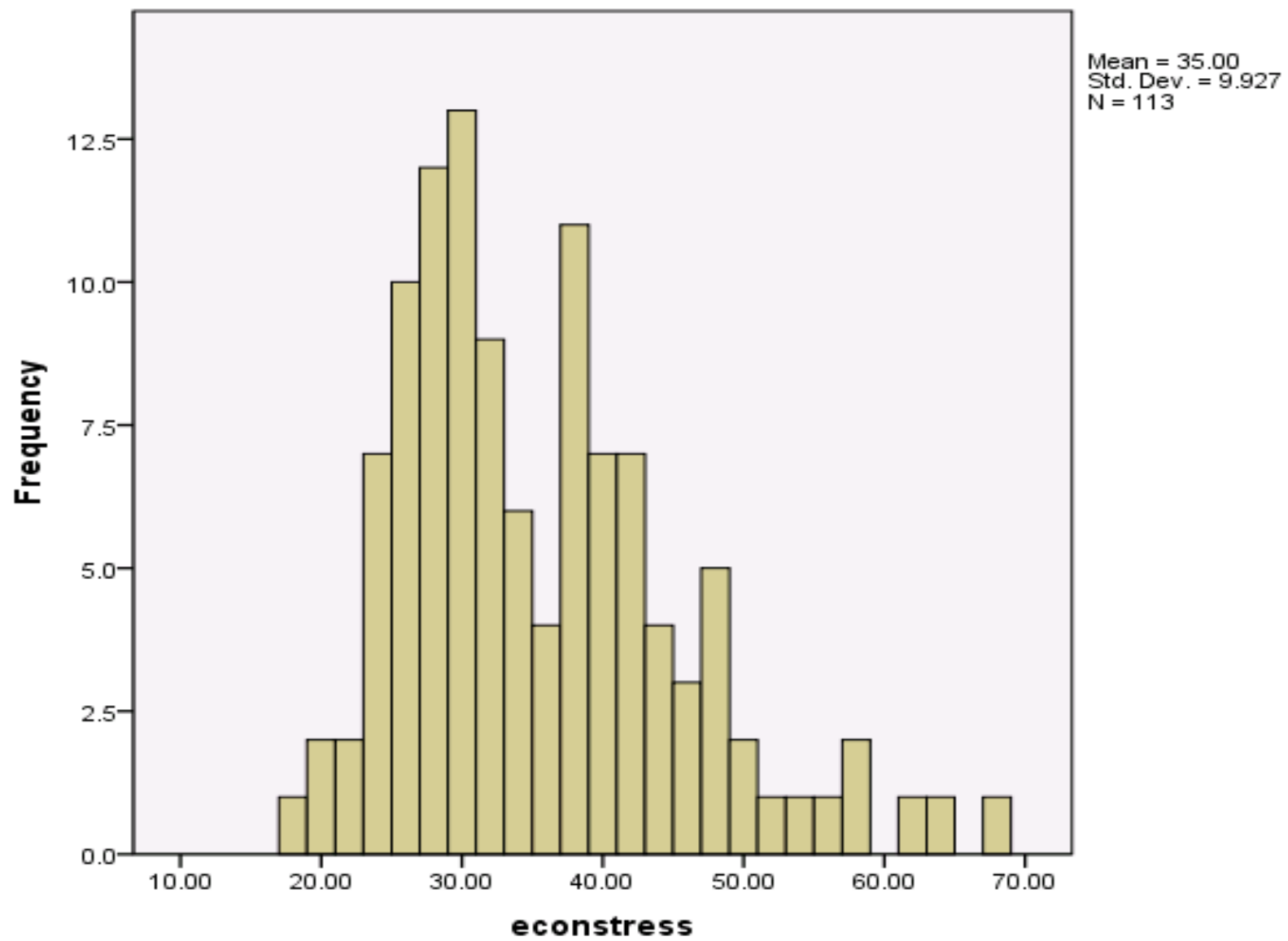


- Switch from a comfort zone
  - ...emphasizing parenting interventions to systematic and comprehensive economic support intervention.
  - ...that deferred to other service silos
  - ...that views “financial literacy” as something with more middle class relevance
  - ...that embraced family-defined needs
    - ✦ Conundrum of you don’t know what you don’t know
  - ...in which relationship-building was central, and often hinged on connecting around parenting/family relational issues
  - ...in which financial decision making was “new territory”

# Economic Stress Levels



- My financial situation is better than it's been in a long time.
- I spend a lot of time worrying about paying my bills.
- I have trouble affording the basic things that my family needs.
- I'm usually able to save a little money from month to month
- I can usually afford to pay my bills on time.
- There never seems to be enough money to buy something just for fun.
- I often feel overwhelmed about money issues.
- I feel like I can never get ahead of the bills.
- If I suddenly needed \$100 for an emergency, I could come up with it.
- I worry about having enough money in the future.
- I feel stressed about my financial situation.
- I often cut the size of my meals or skip meals to make ends meet.



## Other Empirical Findings



- Participant reports of benefit receipt low relative to reported monthly income levels
- 2/3 of participants believed that their credit ratings were “very poor” or “poor”
- 80% had at least one financial goal
  - Most commonly, find affordable housing and pay off bills.
- Levels of economic stress strongly associated with having NO financial goals



# Observations from Workers



- Many legitimate reasons for not pursuing benefits for which families were eligible
  - E.g., concerns that increasing income from other benefits/resources might impact eligibility elsewhere
- Financial literacy means something different for this service population.

“Most families in poverty have daily/weekly goals regarding their finances such as paying for groceries, gas money, paying bills. They do not think long term towards building credit, paying off debt, avoiding late fees, etc. They focus on surviving one day to the next, not long term impacts of their behavior.”

# Challenges and Opportunities Moving Forward

# Current Policy and Economic Contexts



- Clear economic insecurity
- No clear economic safety net
- No institutionalized “emergency assistance” options
- Limited access to affordable, reasonable-quality housing
- Very few family-friendly, low-wage jobs; few with adequate benefits; few provide living wage (though EITC helps)
- Limited subsidized (particularly high quality) child care
- Overall fragmented and categorical systems

## Public Benefits Central to “Financial Literacy” in Low-Income Service Populations



- **Take-up rates for entitlement programs**
  - Food Stamps (SNAP)-67%
  - 75%-EITC
  - Medicaid and SSI-around 70%
- **Take-up rates for non-entitlement programs**
  - Public housing-7-9%; housing vouchers-13-15%
  - Child Care and Development Fund-18-19%
  - S-CHIP-44-51%
  - WIC-51-55%
  - TANF-40%
  - LIHEAP-16%

## An example ...

### ○ Family members

- ✦ Shawna—single mom, age 20 and pregnant
- ✦ Alex—Shawna's son, age 2
- ✦ Dave—Shawna's boyfriend, age 27, father of unborn child

### ○ Resources

- ✦ Shawna works 20 hrs/wk as a waitress, averaging \$640/month
- ✦ Dave averages \$1,200/month as mechanic and doing odd jobs
- ✦ Shawna sometimes receives child support payments averaging \$100/month from Alex's father
- ✦ Shawna and Alex are receiving BadgerCare coverage; Dave uninsured

### ○ Assets

- ✦ Shawna has \$150 in cash, her car is worth \$1,500, Dave's truck is worth \$4,000 but he is still making payments on it

### ○ Other facts

- ✦ Shawna and Dave pay \$550/mth (not including utilities) for small apartment; 2 months behind on rent and heat; Shawna has an \$800 medical bill she is delinquent on from previous pregnancy

# What else could family get?



- FoodShare (SNAP) benefits of \$170-220/month
- Dave may be able to enroll in BadgerCare Plus Core Plan
- Shawna may be eligible for Wisconsin Shares child care subsidies
- WIC monthly food packages of \$48 for Shawna, \$39 for Alex, \$130 for baby
- Alex may qualify for free summer meals if program is available in area
- Household may be eligible for food pantry assistance
- Seasonal heat benefit of \$340-532 and electricity benefit of \$102-160
- Shawna may be eligible for federal EITC up to \$3,043
- Shawna is eligible for state EITC, and child tax credit up to \$1,000
- Shawna and Dave may be eligible for the Homestead Tax Credit
- May be eligible for Section 8 housing vouchers (subject to waitlist)
- May be eligible for child support enforcement assistance

# Short-term financial success also central



- E.g., Unbanked families may be able to use prepaid credit cards to pay bills
  - Not able to overdraft
  - Saves time and money associated with paying bills in person
  - Can translate into meaningful short-term savings

## Need to Rethink how to Train the Family Support Workforce

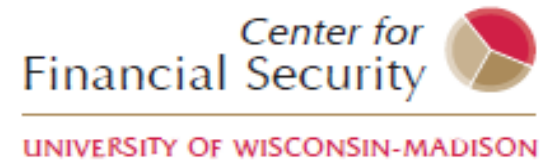


- Schools of Social Work Curricula
- Financial Literacy Certificate Programs
- Engaging families around financial issues
- Assessing economic stress and identifying unnecessary expenditures
- Empowering families to think longer-term about financial goals
- Develop understanding of causal role of economic stress in many adverse family outcomes



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# Discussant

Margaret Sherraden, Professor of Social Work,  
University of Missouri – St. Louis





# **Discussant: Integrating Financial Education into Traditional Family Support Services**

Margaret Sherrard Sherraden  
University of Missouri – St. Louis, and  
Center for Social Development, Washington University

The Center for Financial Security  
University of Wisconsin-Madison  
August 16, 2011



## Despite many obstacles, the poor are active financial managers

- They frequently know where every penny goes (Collins et al. 2009)
- They use mental (and physical) accounting to track their money (Rainwater et al. 1959)
- They often use resources in their environment creatively including family, community, and social assistance 'system' (Edin 1994; Stack 1979)
- They set aside small amounts of money for emergencies and life cycle needs (Edin 2001; Rutherford 2000)
- When given the opportunity, they save for long term opportunities (Schreiner & Sherraden 2007; Sherraden & McBride 2010)



## But they need more knowledge and resources

Like most people, low income families:

- Have inadequate knowledge and skills for handling complex financial management/planning ([FINRA 2009](#))
- Lack numeracy skills and often make short-sighted economic decisions (behavioral economics) ([Dawnay & Shah 2005](#), [Lusardi & Mitchell,](#) )

In addition:

- Have insufficient (and irregular) income and financial supports
- Lack access to quality financial services and information ([Kempson et al. 2000](#))
- Are victims of unregulated financial services ([Caskey 1994](#), [Barr 2004](#))
- Do not benefit from asset building opportunities ([Howard 1999](#), [Seidman 2001](#))



## In other words, financial knowledge and behavior are not enough...

To fully address financial vulnerability in low-income households

- Integrate financial education across the life span
- Provide real opportunities for people to act in their best financial interest

*“We need more keys. We need more tools put in our hands . . . Show me the arena. Give me access to the arena.” – ‘Cynthia’*

(Sherraden & McBride, 2010)



## Financial capability...

...is both an individual and structural idea that combines:

***Ability to act*** based on knowledge, skills, confidence, and motivation (financial literacy)

***Opportunity to act*** through access to beneficial financial benefits, services, and products (financial inclusion)

(Nussbaum 2000, 2011, Sen 1999, 2009, Johnson & Sherraden 2007, Sherraden, forthcoming)



## Requires human services workers with financial capability

- Family support professionals rarely have training on range of financial issues facing financially vulnerable families.
- Need for more education and training in financial capability for human services workers ([Sherraden et al. 2007](#); [Birkenmaier et al.forthcoming](#))





## Financial capability: Potential roles for family service professionals

- Economic advocacy on behalf of families
- Guidance on financial decisions
- Financial training and education
- Inform design of quality financial products & services  
– especially for financially vulnerable groups
- Policy advocacy on behalf of low income families
- Research to understand effects of financial education, financial services inclusion, and family support, by life stage, and across cultures and national contexts



## Financial issues in family support services

- At the turn of the 20<sup>th</sup> century, the “family budget” was central to family services ([Stuart, forthcoming](#))
- By mid 20<sup>th</sup> century, focus shifted to psychosocial functioning ([Specht & Courtney, 1994](#))
- By late 20<sup>th</sup> century, emerging interest in asset building and financial education ([Sherraden, 1991](#))
- Today – especially in a time of economic crisis – there is growing interest in integrating financial practice into family services ([Kochhar et al. 2011](#))



## Putting “financial” back in to family support services?

- What kind of financial training should different family support professionals receive?
- What are the appropriate roles for family support professionals – and other professionals and volunteers?
- How to address sensitive values issues regarding household financial management?



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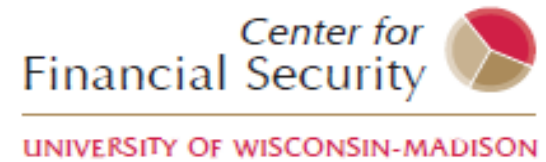


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# Discussant

Jonathan Mintz, Commissioner of the New York City Department of Consumer Affairs







**Department of Consumer Affairs**  
Office of Financial Empowerment

## Integrating Quality Financial Empowerment Into Social Service Interventions: The Supervitamin Approach to Doing More With Less

Jonathan Mintz  
Commissioner  
NYC Department of Consumer Affairs

August 16, 2011

University of Wisconsin, Center for Financial Security Webinar  
“Integrating Financial Education into Traditional Family Support Services”

## Department of Consumer Affairs' Office of Financial Empowerment (OFE)

### Educate

- Increase access and strengthen quality of financial education services
- Coordinate large-scale public awareness campaigns, including the annual Tax Credit Campaign

### Empower

- Research and develop safe and affordable banking and asset-building products, in partnership with financial institutions
- Share best practices and influence national policy with Cities for Financial Empowerment (CFE) Coalition and other partners

### Protect

- Protect workers with low incomes from unfair and predatory practices through targeted advocacy and enforcement in the financial services marketplace

## Municipal Financial Empowerment: Scale and Replication

### □ Financial Empowerment

- Financial education and counseling
- Access to mainstream financial products and services
- Asset building
- Targeted consumer protections

### □ Municipalities in the Mix

- Leveraging politics
- Leveraging power
- Necessity for success ... at scale
- Cities for Financial Empowerment (CFE) Coalition
- Recent CFED report on our new field, Building Economic Security in America's Cities; New Municipal Strategies for Asset Building and Financial Empowerment



## Financial Empowerment Successes

- ❑ Financial Education and Counseling
  - Financial Education Networks (FENs)
  - Financial Education Centers (FECs)
- ❑ Access to mainstream banking
  - Bank On programs
  - Specifically negotiated safe accounts
- ❑ Asset Building
  - SaveUSA
  - K to C
- ❑ Consumer financial protections
  - Licensing of problematic industries
  - Zoning approaches
  - Targeted enforcement

## The Perfect Storm as Opportunity

- ❑ While financial empowerment programs are showing large scale successes on their own
- ❑ Social service programs are suffering from decreasing resources at time of increasing need
- ❑ In social service programs, less is simply less ... unless you innovate



## The Innovation: Supervitamin Approach

### □ The Theory

- Financial instability is generally the backdrop behind social service client needs
- Social service interventions generally do not address this backdrop
- Inserting proven financial empowerment services into social service interventions will speed their success, and even save money

### □ Examples of Current Experiments

- Domestic violence
- Foreclosure prevention
- Homeless prevention
- Jobs initiatives
- Prisoner reentry
- Tax filing
- Child welfare

## Supervitamin Best Practices

- ☐ Insert professional program
- ☐ Find appropriate partner
- ☐ Identify the right moment
- ☐ Institutionalize the integration
- ☐ Quantify real results

## Websites

- ❑ New York City Department of Consumer Affairs (DCA)  
[www.nyc.gov/consumers](http://www.nyc.gov/consumers)
- ❑ DCA's Office of Financial Empowerment (OFE)  
[www.nyc.gov/ofe](http://www.nyc.gov/ofe)
- ❑ Cities for Financial Empowerment (CFE) Coalition  
[www.CFEcoalition.org](http://www.CFEcoalition.org)
- ❑ Building Economic Security in America's Cities (CFED)  
<http://cfed.org/assets/pdfs/BuildingEconomicSecurityInAmericasCities.pdf>





# Q&A





# September Webinar

Tuesday, September 13th  
1pm - 2pm CDT / 2pm - 3pm EDT

## ***Financial Planning for Homebuyers***

Stephanie Moulton, Assistant Professor, The Ohio State University John  
Glenn School of Public Affairs

For more information on the 2011 CFS  
Webinar Series: <http://cfs.wisc.edu>

