

## Summary of Workshop Proceedings: Exploring the Intersection between Financial Capability and Domestic Violence

Leah Gjertson, University of Wisconsin-Madison

### Introduction

On May 17, 2011, the U.S. Department of the Treasury, the Social Security Administration and the University of Wisconsin – Madison’s Center for Financial Security hosted a workshop on Exploring the Intersection between Financial Capability and Domestic Violence. The goal of the event was to bring together government officials, academic researchers, domestic violence practitioners and policy makers to explore how personal financial capability relates to domestic violence. The workshop benefitted from the presence of the White House Advisor on Violence Against Women, the White House Counsel on Women and Girls and a special appearance by the First Lady’s Chief of Staff.

Over the course of the day academic experts and leaders in the domestic violence field reviewed what is known about the relationship between domestic violence and economic well-being, reported evaluation results of promising programs and interventions, described training initiatives and identified areas for future research. This brief summarizes the themes of the discussion.

### Domestic Violence and Personal Finance

Domestic violence threatens the safety and well-being of many women<sup>1</sup> and

children. The National Coalition Against Domestic Violence defines domestic violence<sup>2</sup> as the willful intimidation, physical assault, battery, sexual assault, and/or other abusive behavior perpetrated by an intimate partner against another that is often accompanied by emotionally abusive and controlling behavior, and thus is part of a systematic pattern of dominance and control. There has been a growing awareness that both economic abuse and a lack of financial resources are frequently significant issues for victims of domestic violence. Economic abuse occurs in myriad ways and can include but is not limited to the abuser:

- restricting knowledge about and access to family finances,
- taking control of the victim’s earnings,
- preventing or limiting her employment,
- identity theft or using coercion to take on debt in her name and damaging her credit (see Tolman, 2011, for more detailed discussion of the relationship between domestic violence and economic well-being)

Women who have been kept in the dark about family finances may lack the knowledge and sophistication needed to navigate contemporary financial institutions and products. Barriers to

employment can be direct (e.g. forbidding the victim from working outside the home or stalking while she is at work) or indirect (e.g. abuse and trauma result in health and mental health conditions that impact her ability to work). Further, a damaged or non-existent credit history can limit access to traditional banking services necessitating the use of fringe banking services with high costs and potentially predatory lending and debt collection practices. A lack of financial resources, barriers to employment and difficulty accessing credit can present significant obstacles to leaving an abusive relationship and beginning and maintaining an independent life. Economic abuse can manifest in many forms and three instruments have recently been developed to assess economic abuse (Adams, 2011).

### Economic Contexts

Individual experiences of domestic violence occur within the context of family, community and the larger social environment of economic and gender inequality. On average women are less likely to own assets and have a lower net worth than comparable men, in part due to discrimination in labor markets. Thus if having income and assets facilitates exiting an abusive situation, female victims face numerous barriers. Although domestic violence occurs across socioeconomic groups, poor women and women living in areas of concentrated poverty are more likely to experience domestic violence.

Research indicates that the level to which a woman is economically dependent is associated with the severity of the abuse she experiences. Women who are economically dependent are also less able

to leave the abusive partner. Setting up an independent household requires additional financial resources for housing, transportation, child care expenses, and health insurance if a victim and her children were previously covered under the abuser's policy. Access to financial resources and the ability to achieve economic stability is of primary importance for victims to become and remain safely independent.

### Innovative Strategies

Domestic violence practitioners impress the importance of helping survivors gain power and control over their lives. Economic empowerment, defined as gaining the knowledge, skills and confidence needed to address one's financial well-being, is an important component. There is a critical distinction between having financial knowledge and demonstrating the confidence and ability to engage in these behaviors, however. One study shared at the workshop suggested that the use of a financial education curriculum was related to increases in financial knowledge and engaging in financial tasks such as setting financial goals, creating a budget, opening a bank account and paying off debt (see Postmus, 2011, for more information).

Another study that was presented evaluated the role of savings for building the financial capability of survivors through the use of Individual Development Accounts (IDAs). IDAs are savings accounts where contributions by the account holder are matched using a combination of private and public sources. Typically the use of account funds are restricted to education, home purchase and repair, and to support

microenterprise. An IDA program designed to address the unique needs of domestic violence survivors expanded the allowable use of matched account funds to include the purchase of a reliable vehicle and emergency expenses (see Sanders, 2011, for more information). This suggests that flexible IDA savings programs have potential to better serve victims of domestic violence, although most current IDA programs are not focused on domestic violence issues.

### Building Capacity

Professionals who work with victims of domestic violence present an opportunity as a gateway for transferring financial knowledge and skills to survivors. Helping professionals who work with survivors include domestic violence advocates, shelter staff, social workers and human service agency employees. Domestic violence advocates often have limited education on financial matters and may be struggling economically themselves. Currently very few of these workers have had any training regarding financial literacy or building financial capability. Domestic violence programs that provided financial literacy training to staff reported the training was met with enthusiasm because staff was eager to apply the information to their own lives as well as to assist clients. One city shelter system reported successful outcomes when financial skills and education became an integrated part of shelter services. Financial education programs that increase the knowledge of advocates and staff have the additional potential to build better employees and stronger agencies.

Social work is a profession that currently provides services to victims of domestic

violence and a host of other populations that struggle with poverty and financial instability. At this time social workers do not typically receive any financial training as part of their professional education. There is a unique initiative within a graduate school of social work in Maryland that integrates content regarding financial knowledge and skills, behavioral economics and behavior change, financial products and resources as well as related field experience into the curriculum (see Jacobson et al., 2011, for more information).

A related but distinct approach piloted in New York City incorporated one-on-one counseling by professionally trained financial counselors with people in debt. The program was effective in assisting participants to pay back millions of dollars. Results suggest that one strategy may be to incorporate trained financial counselors into systems of domestic violence services through co-location of the agencies. It is also important for financial counselors to be sensitive to the special needs and circumstances related to domestic violence.

### Strategies for Practice

Practice knowledge, theory and prior research indicate there are multiple factors that must be considered when designing programs and policies to enhance financial capability in survivors. Discussion following the presentations identified additional practice strategies and considerations. These are ordered numerically for simplicity of presentation but all are considered to be equally important.

- 1.** Interventions must remain mindful of safety concerns because both building economic independence and leaving a

relationship may increase the likelihood of violence.

**2.** Strategies must meet both short-term economic needs and support long-term financial stability in order to increase the likelihood of leaving a relationship and staying away.

**3.** Programs should be designed with expectations that are realistic considering the impacts of trauma and the myriad additional challenges that victims of domestic violence must overcome.

**4.** Domestic violence services offered in shelters are characterized by short-term relationships in a chaotic environment whereas financial education and skill-building programs are typically time intensive and extend over many months. Interventions offered in shelters need to be adapted to the environment.

**5.** Interventions need to recognize the extraordinary variation among survivors of domestic violence and remain cognizant of the ways that race, ethnicity and culture impact the victim's experience. As well as being prepared to address the unique challenges faced by some victims such as those who are immigrants, those who are undocumented, those who are incarcerated, and those living in rural areas. Being responsive to diversity includes identifying and capitalizing on the strengths and resources of these different populations.

**6.** There needs to be collaboration with agencies that provide affordable housing.

**7.** Building capacities within communities and workplaces to provide services such as child care and check cashing at fair prices would support all low-income families while also meeting the needs domestic violence victims.

**8.** Financial education alone is not enough. Financial institutions may be key partners to offer affordable

transaction accounts, accessible credit and other products and services. There are also opportunities for tailoring technological financial innovations to address the needs of domestic violence survivors.

### Next Directions for Research

Future studies should attempt to expand the knowledge base by addressing limitations of prior studies. There is a need for randomized controlled trials to evaluate programs, at least one of which will soon be underway. Research is needed to identify and measure program efficacy and effectiveness. Future research needs to expand beyond self-reports to gather objective financial data from sources such as tax returns, bank accounts and credit reports. This type of information is necessary in order to determine whether interventions have resulted in measurable financial improvements. Lastly, in order for research to have a meaningful impact on practice it is important that findings are presented in such a manner they are applicable for professionals in the field.

Future research in this area would benefit from a multi-disciplinary approach--including economics, social work, sociology, law and psychology. Of course, research projects must also be informed by domestic violence survivors and the experience of practitioners in the field (Christy-McMullin, 2011).

### Potential Policy Considerations

The workshop identified a few areas where state and federal policy could play a role in supporting the financial capability of survivors. Stronger consumer protections regarding

predatory lending and debt collection would protect vulnerable women from being further victimized. Federal funding streams could encourage the incorporation of services that develop financial capability by tying monies to the implementation and evaluation of interventions. Practice experience indicates that short-term safety is highly dependent on access to financial resources. Policy changes that could address this need include allowing economic relief to be ordered by the court at the time an order of protection is established or extending unemployment benefits to a victim who left her job in order to escape violence. It could be beneficial to address disincentives to saving and asset development that are associated with the receipt of some government benefits. Finally, coordination with workplaces and tax preparation organizations could ensure that more eligible women have access to the Earned Income Tax Credit (EITC) and other tax credits.

### Conclusion

This workshop is rooted in an important multi-sector conversation regarding the interconnected relationship between financial capability and domestic violence. This is a complicated issue, including significant variation in the circumstances of victims and the resulting variation in needs and appropriate intervention strategies. The solution appears to at least in part include providing victims access to applicable financial knowledge and skills, and sound products, while continuing to prioritize victim safety. The successes of innovative programs suggest that the potential for effective interventions and policies. However, the field is new and

there are few rigorous program evaluations.

Much remains to be done in order to identify interventions that are effective and safe while also being culturally responsive and sensitive to environmental context. It is hoped that the practice, research and policy recommendations generated from this event can serve as a foundation for future collaboration and inspiration for program development and future research.

### Notes

1 This brief references women as the victims of domestic violence because women are disproportionately the victims of physical, sexual, economic abuse and other forms of violence and intimidation whereas men are disproportionately the perpetrators of domestic violence. However, it is important to note that men may also be victims of domestic violence perpetrated by women or men and that women may be victims of violence perpetrated by female partners.

2 Domestic violence occurring between current or former intimate partners may also be referred to as intimate partner violence or IPV. This brief uses the phrase domestic violence because it is most recognizable to a broader audience.

## References

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## Acknowledgements

The workshop would not have been possible without the hard work and enthusiastic participation of the presenters, discussants, moderators and attendees. It is hoped that the success of the event is an indication of the level of interest in this important issue and dedication to identifying solutions.

### Participating Organizations:

U.S. Department of the Treasury  
 Social Security Administration  
 University of Wisconsin-Madison's Center for Financial Security  
 White House Advisor on Violence Against Women  
 White House Counsel on Women and Girls  
 Michigan State University  
 University of Arkansas  
 Casa de Esperanza  
 University of Maryland  
 New York City Department of Consumer Affairs  
 Kentucky Domestic Violence Association  
 Rutgers University  
 National Network to End Domestic Violence  
 Boise State University  
 Redevelopment Opportunities for Women  
 University of Michigan

University of Kansas  
 Saint Louis University  
 OWL-The Voice of Midlife and Older Women  
 Office of the Vice President  
 Pew Charitable Trusts  
 DC Coalition Against Domestic Violence  
 Asian & Pacific Islander Institute on Domestic Violence  
 University of Minnesota  
 International Center for Research on Women  
 Financial Industry Regulatory Authority  
 Investor Education Foundation  
 U.S. Department of Health and Human Services  
 National League of Cities  
 Federal Deposit Insurance Corporation  
 Administration for Children and Families  
 National Institute of Domestic Violence in the African American Community  
 Consumer Finance Protection Bureau

Federal Reserve Board  
 City of New York Office of Federal Affairs  
 Doorways for Women and Families  
 Sargent Shriver National Center on Poverty Law  
 The Women of Color Network  
 Department of Defense Office of Family Programs  
 Corporation for Enterprise Development  
 National Resource Center on Domestic Violence  
 Higher Heights Consulting and Training  
 Consumer Federation of America  
 Wayne State University  
 National Federation of Community Development Credit Unions  
 National Coalition Against Domestic Violence  
 Office of the First Lady  
 Jewish Women International  
 Association for Enterprise Opportunity