Center for Financial Security
UNIVERSITY OF WISCONSIN-MADISON

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 consume 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.

Center for Financial Security
University of Wisconsin-Madison
Madison, WI 53706

For More Information:
http://www.cfs.wisc.edu/

Written by J. Michael Collins
Faculty Director
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The Center for Financial Security is an applied research center at the University of Wisconsin-Madison.