Learning Objectives

- Understand what is the financial capability and asset building (FCAB) grand challenge and its relevance to social work
- Be able to conduct a financial assessment with an individual or family who is experiencing financial troubles
- Be able to locate resources for teaching or working with clients, and identify opportunities for participating in the FCAB network
Outline

What is our grand challenge?
- Financial vulnerability
- Financial capability
- Role of social work

How do we solve our grand challenge?
- Innovations and research in policy and practice
- Financial well-being assessment tools
- Developing strategies to address financial issues
- Resources and toolkits

What is the #1 stressor in the U.S.?

Money issues....

#1 $tre$$or

Followed by:
- Work
- Family
- Health issues

Market Watch, 2018

American Psychological Association, 2015

Financially struggling families feel stressed, ashamed, and uncertain about the future (APA, 2017; Atwood, 2012)
Financial Struggles of Vulnerable Families

- A worldwide context of rising economic inequality (Piketty, Saez, & Zucman, 2018)
- Income: Inequality and wage stagnation, declining value of minimum wage (Bricker et al., 2017; DeSilver, 2017, 2018)
- Wealth: Widening gap, especially among racial and ethnic minorities (Batty et al., 2019; Urban Institute, 2017)
- Lack of credit history or unscoreable credit records (CFPB, 2015)
- Low financial literacy (FINRA, 2016)

Financial vulnerability

- Aspects of financial vulnerability:
  - Low income
  - Financial insecurity
  - Low or no savings and other assets
  - Exposure to risks, shocks and stress
- Large portion of family budget for low-income families goes to fixed expenses
- Causes difficulty paying bills, covering emergency expenses, or planning for the future.

Financialization and the Poor

- Growing financialization creates barriers for vulnerable households (Evans, 2014; Moyer, 2017; Martin, 2002)
  - Neighborhood banks in poor neighborhoods are closed and ATMs are disappearing (Barradaran, 2013; Wilmarth, 2015)
  - Families cannot rely on cash, are thrust into many and complex types of financial products complex (Luard et al., 2008; Martin, 2002)
  - Often must resort to predatory financial products (Jervis, 2007)

Combined with a shrinking safety net, the well-being and futures of ordinary families are at stake.
What does financial vulnerability look like for your clients and in your communities?

Financial vulnerability and well-being

- Financially vulnerable households experience:
  - Lack of access to adequate medical care
  - Hunger
  - Homelessness
  - Stress

- Having a low income is strongly associated with negative health outcomes and lower life expectancy

Source: https://forthesakeofall.files.wordpress.com/2014/05/for-the-sake-of-all-report.pdf

Framework of Financial Capability*
Different Levels of Financial Capability

- Tamika and Abey receive “A” grades in their financial education classes.
- However, Abey is financially capable, and Tamika is not.
- As these examples illustrate, the price of not having financial capability can be very high.
- Tamika and Abey’s experiences are clearly the result of a different set of opportunities, not a lack of effort or talent!
Discussion: Encouraging Financial Capability and Asset Building

- What are the possible structural factors that may have contributed to Tamika’s financial vulnerability?
- How can we help Tamika and other young (and older) people build financial capability and assets?
- Are there FCAB programs and services aimed at children and youth in your community? What about for adults and older adults?

Why Social Work?

- The causes and the consequences of financial vulnerability are economic and social.
- People/clients seek guidance, information, and opportunities to build financial stability and security.
- Creating financial capability requires the efforts of multiple professionals, including social service professionals.
- And requires changes at both the individual level and in social institutions.
- Social workers have important and unique ways to contribute to the well-being of these families.

Guiding Principles

- Person-in-environment – integrally linked to economic conditions, resources, and policies.
- Inclusion – Ensure financial benefits and services affordable for all.
- Progressive – Policies reduce inequality and promote upward mobility.
# Financial Capability is a Developmental Process that Occurs at Every Life Stage

**Childhood**
- Develop numeracy
- Manage money such as allowances and gifts
- Learn to use cash, piggy bank, and savings account

**Adolescence**
- Prepaid cards
- Manage financial account
- Understand wages and salaries
- Understand elements of a paycheck
- Keep financial records
- Open checking accounts

**Young Adulthood**
- File taxes
- Finance higher education
- Purchase or finance a car and auto insurance
- Apply for a credit card

**Adulthood**
- Understand retirement income
- Manage assets and spending in retirement
- Plan for disability, death
- Use Medicare, insurance, Social Security, wills, and trusts

**Older Adulthood**
- Understand retirement income
- Manage assets and spending in retirement
- Plan for disability, death
- Use Medicare, insurance, Social Security, wills, and trusts

## Examples of FCAB in Practice

### Social Service Organizations
- Nutrition
- Housing
- Education
- Counseling
- Integrate FCAB services

### Health and Mental Health Organizations
- Access health benefits
- Set up health directives and special needs trusts
- Help families develop spending plans
- Create programs to help people with chronic illness create budgets and manage money

### Community Development Organizations
- Affordable housing
- Economic development
- Neighborhood planning
- Education
- Social Services

### Housing and Community Development Organizations
- Provide program and policy support for adequate housing
- May include programs that facilitate saving (HUD’s Family Self-Sufficiency Program)
A Review of Financial Capability: Improving People’s Ability and Opportunity to Act

*Micro* Practice

- Work with clients and communities to improve financial well-being:
  - Teach financial management (Savas et al., 2010)
  - Assess client financial condition (Krause & Sanders, 2001)
  - Set and meet goals
  - Create spending plans
  - Resolve financial problems and conflicts (Krause, Britt & Archuleta, 2010)
  - Generating income and enabling asset accumulation

*Macro* Practice

- Develop and advocate for inclusive and progressive programs and policies for:
  - Income support (Brook et al., 2010)
  - Financial services (Friedline, Despard & West, 2017)
  - Asset building (Sherraden, et al. 2010)
  - Employment/business development (Sherraden & Sanders, 2010)
  - Financial education and counseling programs (Zhan et al., 2006)

**Review: Social Workers Fill an Unmet Need to Build Financial Capability**

- Social workers recognize that financial troubles are not the “fault” of individuals
- Social workers can assume leadership roles in developing approaches and delivering service aimed at helping vulnerable families
- Social workers can build on historical commitment to improve financial well-being and future opportunities
- FCAB provides unique opportunity for social workers to enhance their skill set with vulnerable populations

**Innovations in Policy and Practice**

- Able accounts – Kansas ABLE
- Child Development Accounts (CDAs) in 7 states
- Cities for Financial Empowerment
- The Financial Clinic and the Change Machine

What is happening in your area?
### Child Development Account: Policy Features

**CDAs** are investment or savings accounts opened as early as birth to encourage asset accumulation for children’s lifelong development. Ideally, they build on an existing financial platform (529 savings plan) and are:

- **Lifelong** (begin at birth)
- **Universal** (for all children)
- **Progressive** (greater subsidies for poorest children)
- **Automatic** (opened without prior permission)
- **Restricted** (for education and child development)

*(policy concept in Sherraden, 1991; Clancy, Sherraden, & Beverly, 2019)*

### What We Know from Research: Asset Building Policies

- A savings account in a child’s name is associated with college attendance and completion. *(Elliott & Beverly, 2011)*
- CDA design features of automatic account opening, automatic initial deposits, and investment earnings facilitate access and reduce asset inequality. *(Clancy, Sherraden, & Beverly, 2019)*
- CDAs **positively impact** mother’s mental health, educational expectations of child, and child development, especially for families participating in TANF or Head Start. *(Huang et al, 2019)*

### What We Know From Research: Financial Capability Policies

- CARD Act of 2009 protects consumers from abusive lending practices, reduces credit card costs, and increases fee transparency.
- Policies, such as Dodd Frank Act 2010, allow CFPB to provide financial protections.
What we know from research:
Financial education in schools

- 17 states required high school students to take a course in personal finance and 22 states require a high school course in economics in 2018 (Council for Economic Education, 2018).
- Some high school financial education studies show outcomes associated with improved credit management, higher credit scores, and lower use of payday loans (Urban, 2013; Harvey, 2019).
- Variations in the ways that states implement high school personal finance education policies can affect learning outcomes (Urban, 2018).

What We Know From Research:
Financial Capability Programs in the Community

- Federal IDA program increased savings, reduced use of check-cashing services and material hardship, and improved perception of financial security (Mills et al., 2016).
- In-school banking, which combines financial education and a savings account, increases account opening, and saving (Lee et al., 2017; Weidrich et al., 2014; Sherraden et al., 2009).
- In Native American communities, integrating financial education with products and services increases credit scores and savings rates (Langhoz, 2014).
- Intimate partner violence programs increase client financial independence by combining financial education and access to safe and affordable financial products (Sanders & Schnabel, 2006; Sanders, 2010).

Where to Begin:
Financial Well-Being Assessment Tools

- Financial Capability Index, Center for Financial Security at the University of Wisconsin-Madison (Collins & O’Rourke, 2013)
- Eight Ways to Measure Financial Health, Center for Financial Services Innovation (Parker et al., 2016)
- Consumer Financial Protection Bureau:
  - Financial well-being scale
  - Financial empowerment self-assessment
  - My money picture
Case examples: George and Yolanda

George earns little in his human services job, and is having trouble making ends meet. 10 years ago, he filed for bankruptcy. He wants to avoid this again at all costs. He’s trying to get a college degree so he can earn more income.

Yolanda is a certified nurse assistant. She gets by, but worries about her medical debt, her mother whose cognition is failing, and her daughter who is a single mom. She’s exhausted, wondering if she will ever be able to retire.

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Case examples: Jewell and Silvia & Hector

Jewell is learning how to manage her finances after finally leaving her abusive husband. She is feeling like there’s so much to learn, and she worries about her daughter who has special needs.

Silvio and Hector want to buy a house for their multi-generational family, but a financial scam sets them back. They, and they are worried about Silvia’s little sister who is in the U.S. without legal documents.

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Common Financial Challenges

- Group discussion:
  - Start with the financial assessment
  - What are the main financial challenges facing your cases?
  - What strategies would social workers use with these families?
  - What more do you need to know?
Goals:
• Build knowledge and skills among social work educators and practitioners
• Create a national policy for universal and progressive Child Development Accounts
• Establish an integrated system of financial access and financial guidance for all.

Research Activity
• FCAB curriculum created and tested
• Surveys of social work students and faculty on FCAB-related curricula
• SEED OK statewide policy experiment (2004-present)
• Retirement savings accounts
• Models of financial guidance
• Longevity-planning for student loans
• Financial fragility of retirees

Education Activity
• Published the first FCAB textbook
• FCAB webinars with CFPB and others for faculty
• Developing strategies for infusing curriculum in social work education
• Partnering with practitioners to teach FCAB in the classroom

Oxford University Press, 2018
Policy Activity

- Policy briefs:
  - CDAs,
  - Credit building
  - Alternative credit scoring
  - Cap interest rates
  - Tax time savings
  - Bank On/FDIC Model Safe Account standards

- Policy action statements:
  - Lifelong asset building with universal and progressive child development accounts
  - Inclusive 529 college savings plans
  - Inclusive dependent care flexible spending accounts

- "Social Work Day on the Hill" (March 11, 2020)

Resources for Social Work: Education

Coming soon! Supplementary online resources

Resources for Social Work: Research
Resources for Social Work: Toolkits

Consumer Financial Protection Bureau, 2018
Prosperity Now & U.S. Department of Health & Human Services, 2014
National Endowment for Financial Education
Institute on Assets and Social Policy, 2015

Get Involved!!

- GCSW and FCAB mailing lists
- Download YMYG materials
- Purchase FCAB textbook
- Develop field education sites
- Teach FCAB
- Organize for policy & program reform
- Attend FCAB conference: September 23-25 in St. Louis
- Communicate your work!
- April is Financial Capability month!

What are your next steps?
References (continued)


References (continued)


References (continued)

References (continued)


References (continued)

Credits

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