MAKING FINANCIAL CAPABILITY ACCESSIBLE

Sheryl Horowitz and Maritza Valentin
CONNECTICUT ASSOCIATION FOR HUMAN SERVICES

Preliminary results suggest that a Connecticut financial-capability coaching program is helping clients become better at dealing with money.

The goal of many state and federal programs that people turn to when they are vulnerable is to deliver the services and then transition applicants back to self-sufficiency. But sometimes the lack of basic skills creates a barrier to self-sufficiency. Participants in Temporary Aid to Needy Families (TANF) or Money Follows the Person (MFP, a program for seniors and adults with disabilities leaving nursing homes for community living), for example, often face such barriers at the same time that they are dealing with more immediate tasks, like finding a job or a place to live.

That is why the Connecticut Association for Human Services (CAHS) approached the Department of Social Services (DSS) with a proposition about partnering with the Connecticut Money School (CTMS) to work one-on-one with clients. Although the CTMS began life in 2006 as a free financial education program covering numerous topics, evidence from countries such as England and Canada was accumulating that "one and done" lessons could not reshape ingrained thoughts and actions or make complex concepts meaningful.

So CTMS evolved to include counseling and coaching to take people beyond financial literacy to *financial capability*. The deeper learning is important because people who are financially capable plan ahead, find and use information, know when to seek advice, and are able to act on advice.[1]

We proposed a pilot project to test the feasibility and efficacy of integrating a financial-capability component into ongoing programs. We wondered if it would be possible to identify individuals most likely to benefit from the one-on-one interactions and small classes of financial coaching and counseling. Would enough people be interested and motivated to participate? Would participants and staff have the honest and open interactions necessary to internalizing new attitudes and productive behaviors? Would participants stay long enough for the program to make a difference?

The Model

Drawing from evidence-based financial counseling and coaching efforts in low-income communities throughout the country, the program first assesses client status and attitudes relative to finances. Counselors and clients partner to develop strategies that allow participants to move at their own pace toward behaviors that can be incorporated into their daily activities—and maintained. The coaches help clients develop realistic, achievable plans. Meanwhile, the integration of financial sessions with other services helps to keep unrelated issues from getting in the way of solving financial challenges.

The entry point for both groups of participants is a case manager who assists clients through the process. Case managers preselect and steer appropriate clients to the program. As gatekeepers, they act as either a filter or a motivator for enrollment. For the MFP group transitioning from institutionalized care into a home setting, the transition coordinators identify candidates who would benefit from improved financial capability. They might have medical debt or lack a conservator. Perhaps they did not have the ability to control their finances while in the nursing home.

The gatekeeper for the TANF clients is the person who helps them comply with federal and state requirements for receiving cash benefits. Financial-capability sessions are counted toward the TANF requirements for work-related activities. Depending on candidates' situations, the Jobs First Employment Services (JFES) specialist refers them to an orientation in which a financial counselor discusses the program's value. JFES staff choose which individuals to refer, but since there are other options to fulfill the work-related requirements, the TANF client must be motivated enough to select financial-capability training. There are stiff penalties for choosing an option and not carrying through. We actually had to change the enrollment strategy a number of times to generate interest, and we settled on a strategy of meeting with qualifying candidates prior to program entry, providing an orientation next, and following it quickly with individual sessions.

For both the TANF and the MFP groups, the focus is on activities related to values and goals, needs and wants, and making decisions about areas that are relevant to the individual. Coaches go through modules that apply basic financial principles to the person's situation. Relevant activities are then generated and become the basis of actions that the counselor uses to determine whether to proceed.

Evaluating

Following the direct learning and practice phase, the client is contacted at one-month intervals for three months to assess whether the new behaviors are still in play and whether there has been progress or achievement of goals. We incentivized the follow-up sessions to encourage clients to return and share their accomplishments.

What we have found so far is that gatekeepers are the key to programs like these. Getting financial counseling is not an idea that immediately attracts interest from those who need it, and if the MFP or TANF staff do not have strong, insightful relationships with their clients, the people they choose may not complete the program. In the small sample we have at this point, we are finding that, especially in the TANF group, those who begin the program are likely to finish and achieve the small successes that they set as goals.

A Senior in Transition

An 85-year-old woman transitioned from a nursing home to an apartment in senior housing. She lives alone with no immediate family but is very involved in and generous to her church. She was assessed as needing financial literacy skills because of overspending her budget. She completed five modules with the financial counselor. The counselor went with her to help her open a bank account. However, she continued to overspend. The counselor worked with her to track her receipts, monitor spending, and ensure that essential bills were paid.

Initially resistant to suggestions, she began to realize as the counselor-client relationship grew that a plan for expenses could help her. The amount of money given to the church was never made an issue, but together the client and her counselor went over spending patterns. When the woman understood that she was spending a significant amount taking people out to lunch, she was able to modify her behavior. And she set a goal of buying some "nice furniture" for herself.

As she began to see results, she improved her spending patterns even more, while keeping church giving as her first priority. The client is now managing her own accounts, paying her bills on time, and depositing money into savings.

Family Self-Sufficiency

Mr. and Mrs. L. Are part of the TANF program. Both have gone through the budgeting module. At the time of their initial assessment, Mr. L. was employed per diem, working about 35 hours per week. Mrs. L. is unemployed because of a medical issue.

The family's goal was to become current with their bills and mortgage. The activity chosen after class completion was to log all their expenses for a month to be able to analyze their spending and saving patterns. After one month, Mrs. L. asked for a check-in. When she arrived, it became clear that she needed additional help. The financial coach went through her envelope of receipts one by one and created categories. It was the beginning of the kind of trusting relationship that could help Mrs. L. succeed.

Mrs. L. expressed her determination to continue budgeting and felt confident that she would now be able to save. At their one month follow-up, Mrs. L. indicated that she was doing well, putting needs before wants and getting current with back payments. She was determined to continue, despite the fact that her husband had lost his job and they were back to square one. In addition, she recently received a foreclosure notice and was seeking assistance on that. The financial counselor scheduled another meeting with the couple to reorganize and advise them on foreclosure-prevention options.

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The integration of financial services has been more complex than anticipated. As in the case of Mr. and Mrs. L., urgent issues sometimes take precedence over program goals. But although it is too soon to say that the program is a clear success, lessons have been learned about working with intermediaries. Two other useful takeaways are that once a participant is in the program, the reasons for dropping out have more to do with the complexity of the participant's life than the program itself, and even small goals are important for keeping participants' interest, strengthening their confidence, and keeping attrition low.

Sheryl Horowitz *is the director of community research and evaluation in the Connecticut Money School of the Connecticut Association for Human Services, and* **Maritza Valentin** *is a program associate. They are based in Hartford. Contact them at shorowitz@cahs.org.*

Endnote

[1] See Margaret S. Sherraden, "Financial Capability: What Is It, and How Can It Be Created?" (Center for Social Development Working Paper no. 10-17, 2010), http://csd.wustl.edu/Publications/Documents/WP10-17.pdf. Successful programs include the Financial Capability Demonstration Project, a partnership of CITI Foundation, NeighborWorks America, and Success Measures (www.nw.org/FinCoaching13), EARN (www.earn.org), and the financial opportunity centers of Local Initiatives Support Corporation.