

Working Together to Build Wealth in Lower-Income Communities

Financial Education Program Models

Joseph P. Diamond, Executive Director
Massachusetts Association for Community Action
(MASSCAP)

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The Setting and Context For Financial Literacy Education

- Community Action Agencies –created over 40 years ago, federally mandated multiservice and advocacy agencies dedicated to fighting and ending poverty.
 - Private non-profit, 501c3
 - Board structure (mandated by federal law) to be drawn from the community in equal parts: private, public, low-income sectors – insures responsiveness
- MASSCAP: Association of the 24 CAAs in Mass serving 500,000 low income working and vulnerable people – help them stabilize their lives and become economically self-sufficient
- 1000 CAAs across the country

The Setting and Context For Financial Literacy Education (Cont'd)

- Services: Fuel Assistance, Job Development and Placement, Food Pantry Operations, Early Education and Care Services, Summer Youth Employment Programs and Workforce Development, Interpretation and Translation Services, Consumer Advocacy Services, Senior Drop-In Centers, Housing Rehabilitation Services, Affordable Housing Development and Management, Homelessness Prevention, Distribution of Child Care Subsidy Vouchers, Information and Referral Services, Training Programs for Preschool Child Care Providers, Head Start, Weatherization, Heating System Services, Family Planning, and HIV/AIDS Services, EITC, FLE, IDA programs.
- Advocacy
- Local collaborations with CBOs, government agencies

The Setting and Context For Financial Literacy Education (Cont'd)

- A Strategic Plan approved in September 2006
 - Asset formation will be a critical strategy to helping low-income working people pursue and achieve economic independence
 - Three pillars:
 - Earned Income Tax Credit Programs (VITA Sites)
 - Financial Literacy Education
 - IDAs
 - All three at each CAA by the end of 2009
 - Now: 24 agencies offer EITC services; 24 have FLE in some form; 15 have IDA program

The Setting and Context For Financial Literacy Education (Cont'd)

- Broad range of other asset formation, protection, and retention programs
 - Crisis intervention/stabilization Services
 - Rent/mortgage emergency assistance (FEMA, private resources)
emergency food, fuel assistance, affordable housing, early education & care
 - Asset formation services
 - EITC, FLE, IDA
 - Asset protection services
 - First time homebuyer, Mortgage Foreclosure Prevention

Financial Literacy Education

- Use of FLE at CAAs
 - Throughout in different programs for years in some form
- FLE outcomes we want to see - partial (See UWMBMV General Financial Ed Core Competencies)
 - Ability to develop a realistic budget
 - Better awareness of spending and ability to track it
 - Familiarity and comfort with banking
 - Becoming banked
 - Increased savings
 - Improved Credit Score
- Now with IDAs CAAs mostly use Pathways to Prosperity
 - FLE cast wide net including EITC participants
 - IDA participants drawn from class

Financial Literacy Education (cont'd)

- CAA Clients (EITC) Want FLE (from IASP research)
 - 60 percent expressed interest in FLE
 - 50 percent of EITC recipients think they can save more after FLE
 - Clients want FLE to:
 - To save \$
 - Save for a home
 - Get into an IDA
 - Start a business
 - Get out of debt

Financial Literacy Education (Cont'd)

- Profile (IASP)
 - 90 percent are female
 - 90 percent work with most working full time or more
 - 50 percent are single parents that work full time or more than full time
 - Over 80 percent have children
 - 87 percent are renters
 - 87 percent have non-mortgage debt, 50 percent have debt greater than \$5000
 - 92 percent have a checking account
 - 73 percent have savings account
 - 38 percent have retirement account

Another Layer of Context: Service Integration

- CAAs are gateway to service for 500,000 low-income people
- Provide up to 100 services
- The goal is no wrong door through robust, comprehensive intake and eligibility determination leading to STABILITY and ECONOMIC INDEPENDENCE

Service Integration (Cont'd)

- Clients find out about FLE through other services; FLE clients move to other services after FLE including Head Start and other services
 - 36 percent found out about FLE from the agency
 - 36 percent use fuel assistance
 - 36 percent use housing assistance
 - 28 percent use WIC
- 70 percent of FLE clients said there is someone in the agency they trust to talk about financial issues
- 45 percent already seek community organizations for financial advice
- Vision: FLE will continue to support the IDA program, but will also include more EITC recipients and clients from other programs