The Various Outcomes of a Comprehensive Values-Based Financial Literacy Program

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Abstract

The purpose was to describe *the Family Stabilization Program*'s (FSP, a comprehensive, culturally-appropriate financial literacy program in North Minneapolis) impact on family well-being. FSP was developed by a non-profit, Build Wealth Minnesota, for the specific needs of culturally-diverse families. Through education and coaching families developed life skills in goal setting and managing financial resources. Multiple methods formatively evaluated FSP as a case study. Pretest and posttest scores measured increased knowledge comprehension. Responses from 368 survey respondents measured reported change in stress, life satisfaction, and rates of home and business ownership. Qualitative focus group interview data from 29 participants and four providers described day-to-day experiences as well as behavior and attitude change. Both program staff and participants described the Family Stabilization Plan as effective and credited the value-based program model as increasing knowledge, and positively changing attitudes, behaviors, and expectations. No focus group participants complained about the length of the two-year commitment. Forty percent had participated in other financial literacy/counseling programs before or simultaneously with FSP. Both program staff and participants offered suggestions to expand the program model.

Introduction

The *Family Stabilization Plan* (FSP) is a program developed and administered by Build Wealth Minnesota Incorporated, a 501(c) 3 non-profit agency launched in 2004. Build Wealth Minnesota (BWM) mission's is to "Strengthen Underserved Communities by Empowering Families to Build Sustainable Social and Economic Wealth" and provides education, counseling, and referrals to individuals from "cultures including Caucasian, Nigerian, Russian, Sudanese, Zimbabweans, Liberian, Mexican, Hmong, Romanian, Ethiopian, Mexican, Asian, Panamanian, Native American, East Indian and various others" (Build Wealth, 2016). Build Wealth Minnesota partners with the Habitat for Humanity, Minneapolis Urban League, City of Lakes Community Land Trust, Urban Home Works and other community development/social-service organizations. An inclusive comprehensive two-year program, FSP is funded through philanthropic, corporate, state and federal grants and program fees. Cohorts of families work together to embrace a new way of viewing their lives to create sustainable wealth. Through education and coaching families develop life skills in goal setting and managing financial resources to meet the specific needs of culturally-diverse families to 1) improve financial well-being and, 2) achieve financial stability, homeownership, and entrepreneurship. Located in a high poverty, diverse neighborhood, FSP uses a value-based, applied-learning model to present information to peer cohorts on budgeting, credit and borrowing, giving, saving and investment, homebuyer education and financial planning in a classroom setting. After the financial literacy course participants are assigned a coach who supports them in developing action plans based on family goals and values, and maintaining new behaviors. The program builds on participant and community assets rather than a blame the victim philosophy (Hira, 2012; Vern, 2014). Participants are referred to BWM and other community-based programs such as down payment and closing costs assistance for homebuyers. Families enrolled in FSP are also offered assistance in starting or expanding small businesses.

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Hira (2012) argues to "improve the economic well-being of individuals in the economy, both for their own well-being and for the well-being of society at large . . . financial education will have to include the discussion of attitudes, values and beliefs that enable us to make financial decision(s) that promote long-term security for families and communities" (p. 502). FSP respects and encourages the values of commitment to family and community. The 12-15 week active learning, classroom instruction is delivered by David McGee, president of Build Wealth Minnesota, who is experienced in banking and theology; educators and coaches have an average of 10 years of experience in culturally-competent financial counseling and planning, lending, budgeting, and investment to assist client families to get on track and follow mutually determined action plans.

Literature Review

Large portions of US citizens have low levels of financial literacy (Gross, 2005; Hung, Parker, & Yoong, 2009) which puts individuals, families, and businesses at an exaggerated disadvantage during economic shocks such the recession of late 2007 (Hira, 2012; Hung, Parker, & Yoong, 2009). Financial insecurity influences other areas of well-being such as emotional, physical, and social well-being (Bartholomae & Fox, 2017).

Financial complications are powerful stressors for U.S. citizens. Marital disagreements compound the stress with finances being the most common topic leading to disagreements (Fox & Bartholomae, 2000; Oggins, 2003). Money is cited as a common source of marital conflict in both African American and Euro-American couples (Oggins, 2003). Financial literacy may offset interpersonal-conflict over finances and improve marital relationships, lessen financial and marital stress, and renew a focus on co-parenting (Brooks-Gunn & Duncan, 2013).

The effects of financial stress extend to children and the community in which they live. Children born in poverty are more likely to be affected physically with low birth weight, growth stunting, and lead poisoning. Childhood poverty is also correlated with lower cognitive ability and school achievement, poorer emotional and behavioral outcomes, and higher rates of teenage out-of-wedlock childbearing (Brooks-Gunn & Duncan, 2013; Verne, 2014). Families dealing with such issues are very vulnerable during economic crises. Financially-stressed families are also often unable to contribute to community well-being and access community resources (Hira, 2012).

Financial Literacy programs strive to mitigate financial stress by teaching effective decision-making strategies, building an understanding of financial products, and encouraging the development of skills in setting goals and managing financial resources (Gross, 2005; Hira, 2012; Verne, 2014). Financial literacy has a major role in asset accumulation including homeownership, shaping individuals' attitudes, behaviors, and decisions in ways that impact their financial and social well-being (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2012). Children of homeowners are more likely to pursue education and engage in their community (Lindblad & Quercia, 2014).

Theoretical Focus

Data were analyzed through the lens of the Family Resource Management Framework to explain personal financial decisions (Deacon & Firebaugh, 1988). The family was defined a social system within the community system; resource management was a function of that system (Knoll, 1963; Maloch & Deacon, 1966; McGregor, 2001 cited in Goldsmith, 2003). Families' values and resources were recognized and respected as inputs in the conceptual model as well as in FSP which adheres to a strengths-based model of program delivery. Throughputs or interventions included the learnings and coaching provided in FSP. Outputs were measured as change in knowledge, behaviors, stress, and well-being (Deacon & Firebaugh, 1988).

Methods

Multiple methods formatively evaluated FSP. In order to achieve educational goals, programs must assure that program participants receive the information, comprehend the information, and apply the information (Gross, 2005; Hira 2012). Thus the measurement of new knowledge and change in behavior and attitudes was the focus. We measured reported change in stress, life satisfaction, and home and business ownership rates. Data were collected through 1) Pre and posttests were administered before and after financial literacy modules. A random sample of pre and posttests from 200 participants were analyzed to measure knowledge comprehension 2) Paired t-test compared stress, satisfaction and other measures of well-being between a control group of 25 individuals on the FSP waiting list and 368 survey respondents 3) Credit scores, home equity, and entrepreneurial activities measures were culled from client records 4) Focus group interviews were qualitatively analyzed for themes and captured individual experiences and anecdotes about change in attitudes, family relationships, and community engagement, and 5) Interview data from providers were qualitatively analyzed for themes to capture the staffs' experience in FSP.

Qualitative focus group interview data from 29 participants and four providers described their experiences with FSP. Qualitative data were collected through four focus groups, an average of 70 minutes in length. Focus group interviews were digitally recorded and transcribed verbatim. Interview transcripts were open coded by each reviewer, discussed and synthesized between the researchers, and categorized for themes (Marshall & Rossman, 2016). Themes were analyzed deductively through the lenses of the Family Resource Management framework as well as inductively for unexpected concepts and contradictions. Focus group data from participants captured personal stories or examples summarizing how new understanding and the perceived value of changed behaviors influenced family well-being. Interview data from staff described their perspectives as well as concerns and hopes for the future.

FSP survey participants. Forty-eight percent of survey participants were single, 33% married, 4% engaged, and 15% divorced; 84% were female; and, 88% had children. Fifty-three percent of participants were home owners, 42% were renters and 5% were doubling-up with family or friends. Eighty-four percent identified as African-American; 16% as white. Forty percent had participated in at least two financial literacy/counseling program before or simultaneously with FSP.

Role of the researchers. At the time of the study, Demitri McGee was a full-time student pursuing a bachelor's degree in Psychology at the University of Minnesota. Marilyn Bruin was a full-time professor in the Housing Studies program at the University of Minnesota. McGee and Bruin were familiar with FSP; McGee is a son of the executive director of Build Wealth Minnesota and Bruin collaborated on a FSP evaluation in 2010. The researchers acknowledged these relationships and the opportunity to skew analysis and interpretation. However they diligently bracketed their subjectivity to ensure rigor and credibility of the findings. Most importantly the two researchers acknowledged biases 1) empathy for families facing financial hardship and, 2) the goal that FSP meet the needs of the participants. Throughout the process of designing the evaluation, analysis, and interpretation McGee and Bruin challenged each other realize the aim to provide an honest compilation of data from the FSP participants and reinforced interpretation with the participants' own words.

Limitations. A limitation included reliance of quantitative data on self-reported survey from a 20% sample of the program population. A smaller sample, 3% participated in focus group interviews. Participants were asked to recall past attitudes, behaviors, and expectations; sometimes several years had pasted and it was possible recollections were inaccurate. Although multiple data and analysis strategies were used to measure and describe outcomes the researchers were not able to measure and control for all factors that contributed to measured outcomes.

Results

Outcomes included change in knowledge, change in attitudes and behaviors, change in financial well-being, and community wealth. We also included a summary of concerns expressed by focus group participants and interviewed staff. Quotations from focus group and interview participants were indented and italicized to emphasize the inclusion of qualitative data in the form of the participants' words.

Financial knowledge. Two hundred pre and posttests were randomly selected from FSP client files to measure comprehension of the financial literacy curriculum. Participants in the financial literacy course showed significant improvement in all areas. The posttest average score of 86%.

Credit reports from 25 homeowners selected through purposive sampling were also compared. Initial pre-program credits scores were 515 compared to 623 post program; average debt level decreased from $8,924 to $3,152.

When asked in focus groups to identify what gets most people into financial trouble, credit was the predominate theme.

That piece of plastic made me devalue money.

Change in stress and life satisfaction. Based on a 5-point scale (1 = no stress and 5 = severe stress), mean stress decreased 3.68 before participating in FSP to 2.26 after participants completed FSP. In comparison, the first control group mean stress score was 3.60 and overtime came down to 3.32 without completing the program.

Survey participants rated their overall life satisfaction on a 5 point scale (1 = dissatisfied and 5 = satisfied). Program participants averaged a life satisfaction level 2.32 before completion of the program and 3.83 after completing the program.

I'm not afraid to answer the phone anymore because of the fear of it being a bill collector.

After completing the program my blood pressure has went down, I am so more at peace with my inner self.

I just want to say thank you to the program, as it is moving me a little more quickly on my journey to self-actualization.

BWM has helped me to transform from victim to victor in only two years.

Change in family relationship and parenting behaviors Focus group participants talked about how FSP participant influenced family life. A prominent theme was feeling closer to significant others after completing the FSP; they credited the program as helping them communicate better on financial decisions, which has led to less disputes.

My partner and I are 50/50 on everything. We go in on everything together so it's not where it weighs more heavy on him because we both are equal when it comes to the money and the finances in the household.

We communicate better, no one's fussing with each other; people know what they're supposed to do.

Another prominent theme was sharing FSP lessons and values about spending and saving with children. Increasingly, children were included in discussion of family financial transactions.

I've actually given him (her son) my checkbook, and I've given him my paycheck, and I told him write the mortgage out, write the light bill out, and then you add up how much I have left over. So he started to look at that a little differently.

Started including (children and grandchildren) in how much things cost and understanding that we have a home and in order to live in our home, I have to save.

Through discussion of values and goals in the financial class, most parents articulated that children were their highest priority. Some credited FSP as helping them improve their relationships with their children.

The emphasis is on family and how to create wealth through generations, talking about psychological things, talking about your value systems, 'cause if don't have those value systems then you don't see the value. Money is not good and it's not evil. It is what the (person) that's utilizing it assigns to it.

Participants dealing with financial issues through improved communication reported lowering stress at home, a change that made it easier to distribute roles within the family.

. . . Definitely stress-free now. We communicate better, no one's fussing with each other; people know what they're supposed to do

Everyone has their role now . . . didn't at first, it was just all over the place . . . it's more stable now.

Stability allowed them to focus more effectively on careers. Focus group participants explained how lowering stress helped them to focus on career goals. They now entered the work field or business development with a focus on providing for their family *and* improving the community. The average monthly income for FSP increased significantly compare to the average monthly income of the control group. Several focus group participant shared that after distributing roles and sharing expectations and values, their children's school attendance improved and grades rose. Other participants shared example of dealing with resistance from their children; one explained how she forced her son to pay for the cable in his room. A mother forced her son to find his own place and manage finances independently. Both concluded that their sons grew to be more responsible and respectful of the privileges afforded to them.

Although most participants characterized FSP as helping them through hardships, there were exceptions. A focus group participant recognized that FSP had not solved all her issues.

I can't say that things have been less stressful . . . if I hadn't lost my job and my home, and everything, along with loved ones, things probably would be a lot different as far as stress and things like that.

Comparisons and participation in programs. A common theme in the focus group data was comparison between financial literacy programs; 40% of the focus group participants indicated current or past enrollment in additional financial literacy programs. FSP was designed as a two-year program; no focus group participants complained about the length of the commitment. Participants described FSP as a unique, family system, value-based approach that motivates change, change that resulted in more than financial literacy.

As far as financial literacy, this program is unique because of the perspective of looking at the family.

Change in entrepreneurship. Twenty-nine survey participants in FSP who aspired to manage successful businesses reported having started and/or advanced their businesses through information and tools accessed through Build Wealth MN. Participants described how Build Wealth helped them learn business skills in networking, marketing, creating and finishing business plans, budgeting, and credit building. Twenty-six (82%) reported finishing their business plan with support from Build Wealth MN. Average annual sales among business owner participants rose after completion of the Family Stabilization Plan.

Change in housing. Housing tenure and home equity were measured over enrollment in the program. At enrollment in FSP, 41% of participants owned a home, during the program the homeownership rate increased to 51%, and at completion of the program the homeownership rate was 55%. In comparison the homeownership rate among the control group was 11%. Mean home equity also increased over time in the program. Participants, owners and renters, decreased their housing cost burden by increasing income and/or making more affordable choices regarding shelter costs.

Staff Perceptions. Program staff described FSP as an effective program and felt their work significantly impacted families and communities but could be improved in a couple areas. The program staff confirmed comments from focus group participants that increasing the staff at Build Wealth MN would help reach a larger number of families and decrease caseloads so coaches can concentrate more on individual needs and plan; since 2004, FSP have grown from 20 families a session to 150 families a session in 2016 divided amongst 4 coaches.

Concerns and suggestions. Scanning transcripts for negative comments, researchers noted concerns about overcrowded classes, participants felt the program would be more personal and deeper if the financial classes were smaller. They offered additional suggestions 1) a day to celebrate program completion with testimonials; 2) an alumni group with long-term with activities or peer interactions that would allow them to remain active within the program provide, and 3) more time with coaches and more programming on emotional, psychological, and stress topics.

In summary, FSP participants evaluated changes in attitudes and family interactions as positive. Focus group participants shared examples of stressful decisions that were difficult and maybe would not have been made without the knowledge as well as coaching and peer support gained through FSP. They shared powerful descriptions about how new attitudes, behaviors, and skills changed how they viewed themselves and how they felt they were viewed by significant others. A small proportion of participations pursued entrepreneurial activities by developing locally-owned businesses that helped supply services within the community and allowed wealth to flow within rather than leave the community.

Discussion and Implications

The results suggest that financial literacy education and follow-up coaching delivered through an inclusive comprehensive two-year program like the Family Stabilization Plan has positive outcomes for participants, their families, and their communities. Developing financial, interpersonal communication, goal-setting, and entrepreneurial skills improved emotional health and financial well-being through lower family stress. As FSP participants applied new skills they demonstrated improvement in objective indicators of financial literacy for example they increased assets, pursued homeownership, increased entrepreneurial activities, lowered debt totals, lowered housing cost burdens, and increased credit scores (Grinstein-Weiss, et al., 2012).

Knowledge, a human resource, increased, behaviors changed, and stress was lowered which resulted in improved family well-being and increased community engagement (Deacon & Firebaugh, 1988). Furthermore, participants described how new skills in decision making and effective communication reduced marital conflict (Deacon & Firebaugh, 1988). The family was characterized as an interactive system within the ecosystem of community in the qualitative analysis. For example, members who became adept in managing finances and building wealth as well as developing social capital were better able to access resources for family and business. Well-managed personal finances and access to resources increased business activities that provided needed community services and promoted a healthy flow of currency and wealth within the community. In short, there were qualitative indications and a quantitative increase in small business activity that impacted the community system.

Both the program staff and participants described the Family Stabilization Plan as effective and credited the value-based program model that included applied activities and peer discussion (Hira, 2012). Both the program staff and participants would like to see the Family Stabilization Plan program model expanded by specifically reaching out to young adults. Program Director David McGee expressed two expansion goals 1) Develop and implement more sub programs such as the New Dimension Men's Project to build supportive cohorts of individuals with similar demographic characteristics and needs and, 2) Deliver the program beyond the local level through regionally and/or national delivery systems.

The findings describe the multiple benefits of FSP suggesting the need for continued investment in long-term intensive financial education and coaching. However more research is needed across programs to generalize the power of comprehensive, culturally-appropriate programs. Furthermore it is important to fund a longitudinal research design to measure the long-term effects of programs intended to reduce generational poverty. If the FSP program is adapted to meet the specific needs of demographic cohorts, comparison studies are indicated. To identify the most efficient use of time and funds to support programs that deliver financial education to families with specific or multiple needs, more studies are needed on the comparative influence of long-term, comprehensive, culturally-appropriate, community-based financial literacy programs. Studies are also needed to better understand how participants identify and invest in programs that best meet their needs. It is interesting that 40% of FSP participants previously or concurrently attended additional financial literacy programs. Research is needed to help providers and funders understand the use of multiple programs. Sophisticated methods are needed to measure the community effects of changes in individual attitudes and behaviors on families and communities. As funds to support non-profit programs continue to constrict, research-based evaluation of program is critical to ensure that investments are made in programs generating measurable outcomes.

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