Economic Inequity & Opportunity Working Group
Ferguson Commission

Financial Education Interventions and Building Financial Capability

Presented by:
Paul Woodruff

Wednesday, June 17, 2015
3:30 p.m. – 5:30 p.m.
Excel Center
95 North Oaks Plaza, St. Louis, MO 63121
Financial Education

• What does it mean to be financially literate?

• Financial literacy defined:
  
  • “Possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual’s personal, family and global community goals.” – National Financial Educators Council
  
  • “The ability to make informed judgments and to take effective actions regarding the current and future use and management of money.” – Government Accountability Office (GAO)
  
  • “The possession of knowledge and understanding of financial matters.” – Investopedia.com
Financial Education

• Financial literacy from several vantage points:
  1. **Hard knowledge** (i.e. how to access a personal credit bureau)
  2. **Soft knowledge** (i.e. how to communicate and effectively evaluate financial situations)
  3. **Behavior** (i.e. how we put to practice hard and soft knowledge in every day personal finance decisions)
  4. **Access** to and use of mainstream financial tools (i.e. checking/savings accounts and loan products)
Financial Education

• **Goals** - Help individuals and families earn economic independence through financial education, community services and low-cost banking options in an effort to improve their standard of living and better their lifestyle.

• **Outreach**
  • Dedicated educators who focus on outcome-based results by providing group classes and 1-on-1 coaching
  • Social service agency and non-profit partnerships
  • Connections to financial services through bank and credit union partners
Prosperity Connection
Interventions

• Initiatives
  • Excel Center – Destination point for financial education and wrap-around services. More than 6,000 individuals served since June of 2012.

• Non-Profit Program Integration – Prosperity Connection works closely with high capacity non-profits like Fathers’ Support Center, Kingdom House, Grace Hill Settlement House, YWCA, and more to integrate financial education interventions into regular programming. Since 2008, we have reached more than 30,000 people.
Asset Building
Asset Building Continuum

Emergency & Transitional services
- Expansion of income limits (benefit cliffs)
- Expansion of asset limits
- Improve Check cashing regulations
- Employer incentives
- Bounce loans (overdraft)
- Financial education
- Benefits screening
- Case management & referrals
- Counseling
- Income supports
- Utility discounts
- No fee/low fee checking/savings
- Second chance checking
- State ID or driver’s license

Financial stability
- Debt management and settlement protections
- Refund anticipation loan/payday loan reform
- Bankruptcy and credit card reform
- Rent to own disclosures
- Financial education
- Financial coaching & credit counseling
- Free tax prep (VITA)
- Pro bono legal counsel
- Family Self-Sufficiency
- Subsidized health insurance
- Discount prescriptions
- Credit builder loans
- Debt consolidation
- Loan refinance/Short-term loans

Short-term asset ownership
- Auto insurance pricing
- Matched account funding
- Funding for microenterprise programs
- Product quality protection
- Credit reporting standards
- Financial education & coaching
- Car ownership
- IDAs (computers, 1st last month rent)
- Entrepreneurship
- Matched Savings Accounts
- Auto build CDs
- Ways to Work vouchers
- Affordable car loans
- Financial aid for higher ed.
- Insurance – car, rental, property, life

Long-term wealth creation
- Predatory lending protections
- Foreclosure prevention
- Preserving individual right
- Identity theft protection
- Financial coaching
- Housing counseling
- Investment clubs
- Retirement planning
- Small business development
- Down payment assistance
- 401(k), 403(b), IRAs
- College Savings Plans
- Insurance – car, rental, property, life

Initial employment
- Continuous employment
- Career development and mobility
Financial Education Approaches

• Community-Based Learning
• Community Partnerships
• Measured Outcomes
Financial Education Approaches

- Community-Based Learning
  - Going to where people are vs. expecting them to come to you
    - Focus interventions at non-profit providers, schools, community spaces, or other locations where communities gather for services and events

- Meet multiple needs at one place to ensure holistic interventions
  - Provides convenience and facilitates easier resource coordination between service providers
Financial Education Approaches

• **Community Partnerships**
  • Resource coordination by community partner
    • At identified sites, tie financial education interventions in with workforce development, life skills training, and other existing wrap around services

• Case management, provided by community partners, allows for clients to be exposed to interventions at the right moments and get support to reach goals
Financial Education Approaches

• Measured Outcomes
  • What are expectations of success???
    • Without realistic measures of success, we can’t evaluate the effectiveness of programs and philanthropic dollars

• Financial education measures of success...
  • Credit score increases
  • Debt reduction
  • Savings increases
  • Becoming banked
  • Asset attainment (car, house, etc.)
Meet Monica

• Monica Venegas
• Late 20’s
• Immigrated to the United States from Mexico
• Client of Kingdom House
• Works as an administrative assistant at a manufacturing company

“Just having the free classes means that someone actually cares about you”
Monica’s Path

Group financial edu classes
1-on-1 financial coaching

Wrap around services
• Health
• Workforce
• Childcare
• Peer Support

Individual Development Account

Outcome #1

Outcome #2

Outcome #3

St. Louis Community Credit Union

Kingdom House
Change Begins Within

Carrollton Bank
Financial Education

+ 

Access to Financial and Social Services

= 

Financial Capability and Wellness
An Opportunity for the St. Louis Region

Wealth Accumulation Centers

A pathway to mainstream financial inclusion
An Opportunity for the St. Louis Region

- Wealth Accumulation Centers can provide....
  - **Resource Coordination** – meet multiple needs under one roof and provide referrals to other support services
  - **Volunteer Outlet** – connect local banking experts and other professionals with underserved populations
  - **Measurable Success** – client outcomes, asset attainment, banked status, and other progress tracked
Calls to Action

1. Identify ‘Empowerment Sites’ throughout the St. Louis region to concentrate financial education services

2. Establish Empowerment Sites
   • Identify and recruit conveners and financial education volunteers/providers
   • Establish expectations for financial education providers (measured outcomes)

3. Establish and provide community development banking and financial education curricula for secondary/post-secondary students
5. Fund financial education initiatives through...
   - Public – Neighborhood Assistance Program (NAP), CDBG, municipal grants, etc.
   - Private – Corporate grants, teaching space, volunteers, etc.
   - Philanthropic – Foundation grants, individual giving, volunteers, etc.

6. Support/fund Community Development Financial Institutions (CDFIs)
   - Micro-finance fund for small dollar loans and used auto loans
   - Provide grants for loan loss provision to help CDFIs to meet market needs
Questions?
Paul Woodruff
pwoodruff@prosperityconnection.org
314-256-3946