

A Summit: Pathways to Positive Wealth Creation Programming November 16, 2004

Executive Report:

A Summit: Pathways to Positive Wealth Creation Programming, hosted at Heartlove Place Ministries, took place November 16, 2004. Annie E. Casey Foundation-Making Connections Milwaukee, Federal Reserve Bank of Chicago, and Urban Economic Development Association of Wisconsin Inc. sponsored the Summit. The Summit was convened to expand the conversation, increase access to high quality programming and services, and encourage expansion of services available for Milwaukee residents wanting to improve their financial condition.

The Pathways Summit had two primary objectives. The first objective was to ensure that groups in attendance gained a better understanding of financial education. The second objective was to encourage groups to build collaboratives, primarily in the Making Connections Milwaukee area. To this end, the first part of the day was dedicated to discussing the broader concepts of financial education and statewide policies and program advocacy. In the afternoon, the discussion focused on moving ideas and concepts into action in the Making Connections Milwaukee neighborhood.

Speakers:

The Pathways Summit featured four key speakers each of who addressed a specific area of financial literacy. The first speaker, **Jeannie Hogarth, Federal Reserve, Bank of Chicago, Consumer and Community affairs Program Director and co-author, *Patterns of Financial Behaviors: Implications for Community Educators and Policy Makers***, with Marianne Hilgart, and Sondra Beverly, explained financial education, what it is and how it impacts literacy. She also focused on assessing a client and standardizing curricula. Her research summarizes the correlation between knowledge and behavior, and the effects of financial education on behavior. Unlike previous research, this study directly tests the assumption that education increases knowledge, which in turn affects behavior. When it comes to financial education there is no “one size fits all approach.” There are different topics of financial education (cash flow management, credit, savings, and investments) and different people have different educational needs within each topic (low, medium, high). For example, a person’s age may dictate which topic of a financial education is needed and at what level. This leads to the next point that no “one curriculum fits all”. For financial education to be effective, both the resources and the delivery technique must match the learner. For example, some people may benefit simply from receiving a brochure. Other people may benefit most from a seminar.

Gena Gunn, Washington University Center for Social Development and author of, *Asset Building: Policy Development at Local, State, National Levels*. Gena Gunn conducts research around state policy as it relates to asset building and in particular Individual Development Accounts (IDAs). In her work with Dr. Michael Sherraden, an influential leader in the development of IDAs, Gena Gunn was responsible for tracking policy and program success in a majority of states which made IDAs part of their welfare

reform plans or have legislated policy. Low-and moderate-income people have relatively few assets and public policy plays an important role in determining who gets assets and who doesn't. One piece of what University Center for Social Development tries to do is create policies that will be beneficial to people. For example, IDAs are matched savings accounts which encourage asset-building. The concept is that people don't have to spend down their assets in order to receive public assistance. In addition, Gena Gunn focused on collaboratives and their success in large part to standardize approaches to educational coursework. She discussed the development of new incentives to get people saving earlier.

Dory Rand, Esq. The Sargent Shriver national Center on Poverty Law and author of *Financial Education and Asset-Building Programs for Welfare Recipients and Low-Income Workers: The Illinois Experience*. Dory Rand discussed the Illinois' initiative, which focuses on education, designed for very low-income people. She described how the Illinois Department of Human Services and the Financial Links for Low-Income people (FLLIP) coalition successfully implemented financial education and asset building programs that helped low-income participants increase financial literacy, improve money management habits and savings, and build assets using IDAs.

Althea E. Saunders-Ranniar is the asset-building coordinator at the Bon Secours of Maryland Foundation operator of *Our Money Place-Baltimore*. Sandwiched between a video store and a dollar store in the Westside Shopping Center, Our Money Place uniquely combines a check-cashing operation with a credit union. Our Money Place returned a financial center to Southwest Baltimore five years after the last bank pulled out. Through grass roots actions, residents again have access to the services they need to save money, buy houses and build other assets in their community.

This work represents the type of activity that is part of a broad, inclusive approach developed by Annie E. Casey Foundation to help families build stability and hope for the future. The approach, called Family Economic Success (FES), relies on neighborhood residents, churches, schools, businesses, government and others to connect a range of resources, investments and strategies to affect positive, permanent change in communities.

Call to Action:

Toni Anderson, executive director, Lisbon Area Neighborhood Development provided the call to action. Toni is a financial service professional with twenty years experience working with bank clients. She understands the complex and simple connections clients must make to ensure the products and services are delivered responsibly and ensure clients get what they need. Toni asked the group to take on a comprehensive view of financial education and asset building strategies.

Morning "Breakout Session"

Following the three morning presentations, participants divided into three groups (A, B, and C) for a facilitated "breakout session". The objectives of the "breakout session" were to help group's process the presented topics and brainstorm how various Milwaukee educational providers can best address what clients really need and want.

The following two questions were asked of each group: *What do you do?* and *Which ideas or concepts are you willing incorporate into your daily work?*

Group A focused primarily on advocacy and outreach. In answer to the first question, *What do you do?*, Group A tended to describe the programs and services offered and how these programs and services address the needs of the client. In response to the second question, *Which ideas or concepts are you willing incorporate into your daily work?* the group focused on advocacy through collaboration and identified possible partners which would enable them to reach broader and more diverse audiences through various organizations and institutions.

Group B focused primarily on policies and programs. In answer to the question, *What do you do?*, group B emphasized organizations and types of programs offered. In response to the second question, *Which ideas or concepts are you willing incorporate into your daily work?*, Group B identified specific programs presented by the morning speakers such as Individual Development Accounts or IDAs. They also identified programs already available to them in the community. For example, M & I Bank MLK Branch offers a variety of Youth and Adult financial education programs. Group B focused on identifying policies and programs around which organizations could collaborate.

Group C strongly connected financial literacy to social justice issues. Many of Group C's responses tended to focus on the bigger issue of social justice as a barrier to financial literacy. In response to the question, *What do you do?* Group C identified organizations and programs offered. In response to the second question, *Which ideas or concepts are you willing incorporate into your daily work?*, Group C had a wide range of answers. Many of these answers went beyond the scope of the question. Nonetheless, a discussion of social justice allowed Group C to identify specific practices they felt undermined the effectiveness of financial education and how they could alter these practices to better provide financial education. For example, financial education is more effective when individual value judgments and attitudes regarding money are identified and acknowledged. The concept of tailoring financial education to fit the individual helps people receive the assistance they need regardless of social class.

Each group emphasized a different aspect of financial literacy. Group A highlighted advocacy and outreach. Group B focused on policies and programs. Group C discussed social justice issues and impacts on providing effective financial education. All three groups, however, voiced interest in collaborating with one another.

Afternoon “Breakout Session”

The afternoon “breakout session” lead by Carol N. Maria, executive director of Urban Economic Development Association of Wisconsin Inc., facilitated a conversation on how to move ideas to action for the Making Connections Milwaukee or MCM neighborhood. The afternoon breakout session involved primarily MCM Resident Leaders, Stakeholders and Asset Building Wealth Creation Partners. Carol Maria asked the group, *What kinds of things did you find valuable today? What kinds of things do you think would really work in the MCM neighborhood? What programs are out there that you think might really have meaning?*

The conversation focused on local programs in the Making Connections Milwaukee Neighborhood that might want to collaborate for the purpose of providing more financial education or a different kind of financial education. For example, partnering better with M & I Northern Bank to promote their credit builder loans. Althea Saunders stated the credit builder loan was a really valuable tool at Our Money Place in terms getting people in the door. Dawn Davis of M & I Northern Bank stated the thrift savings program was equally valuable for the same reason.

Experience confirms that programs like credit builder loans and thrift savings are attractive to people. The next question is how to advertise and connect people to these programs? M & I Bank has received some referrals from schools. This brings up the question of qualifying what makes a good customer in this referral stream. If schools are a potential partner, one option is to bring schools and banks together for some training sessions and discussion to identify who is the right customer. Identifying the right customer includes talking with that customer about appropriate program expectations. Customer expectations were much of what Althea Saunders noted in her customer profiles. The idea then, is to educate both program people and customers on the expectations. For example, expectations about the thrift savings have to be around savings, rather than credit repair.

In addition, different banks offer a variety of similar programs. For example, Get Checking is an UW extension program offered at Wells Fargo Bank. Another strategy is to meet with financial institutions and have a training session on Get Checking and the thrift savings program. Both programs may meet the same expectation for some customers but have different program parameters. It is important to define the program parameters so people know how to use them and which customers, consumers, and residents from the neighborhood to refer to which program.

It is equally important that different strategy partners or even different people offering programs collaborate to know what is available to better assess clients and refer them appropriately. It makes sense for workforce development organizations to refer clients for banking services. In addition, What happens to the people who go for homebuyer counseling and do not qualify? How do we follow-up with these people and help connect them to the services they need? A person who is not ready to purchase a home may be a good candidate for other services such as a credit builder loan. The strategy here may be to target some education on Get Checking to financial institutions and Community Block Organizations. Connecting people to the appropriate services at the appropriate times helps to keep them from falling through the cracks.

Jeremiah Boyle of Federal Reserve Bank of Chicago suggested a shift in thinking is necessary for building successful collaboratives. The tendency is to view programs as separate entities with individual goals. For example the goal of the Get Checking program is solely to graduate a client to a Checking Account. We need to start thinking about a longer financial relationship in terms of financial services. What is beyond a checking account?

One member of the audience shared her homebuying story with Habitat for Humanity. She didn't have a credit history and Habitat for Humanity responded to her by asking more questions regarding her money management. It turned out she qualified even without a credit history. Perhaps asking for more detail would be another thing to focus on. Taking the time to ask a customer, "you don't have a credit history, what's the

story? And the story is one that makes them qualify.” This gets back to the purpose of our conversation, trying to find other programs or other processes that we could target to the service to hundreds of people at one time instead of one person at a time. Forming collaboratives allows a variety of institutions and organizations to reach out and connect to more people, more effectively and at the same time.

Finally, how to coordinate all of these referrals? Patrick Blum from Independence First suggested centralizing all this referral information in a central hub of some sort where people could call a specific number and say for instance, “What’s the difference between TCF Bank and M & I Bank as far as how they operate?” Jeremiah Boyle from The Federal Reserve Bank of Chicago responded by suggesting Milwaukee’s 211 number for human resource delivery expand to model itself after the 311 number in Chicago, which delivers an entire range of city services. Carol Maria pointed out that a clearinghouse system might be a good way of triaging clients, especially those who may want to be more private about the way they solve their credit problem.

Carol Maria also suggested that in lieu of a formal 211 system, Roxanne DeFoe of Urban Economic Development Association of Wisconsin Inc. offer her services and expertise. In the last calendar year, 175 Making Connections residents passed through Roxanne DeFoe’s hands either by directly talking with her on phone or meeting them in person, or through people like ACORN Housing Corporation, or through banks. UEDA refers customers out through a variety of strategies. The real strategy is in finding the resources and connecting people to those resources. Carol Maria said, “That’s the name, Making Connections.”