



# Financial Literacy Education: Baseline Survey of Clients

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**MASSCAP Asset Formation Initiative**

**November 1, 2007**

# Survey Design

8 agencies, N=64

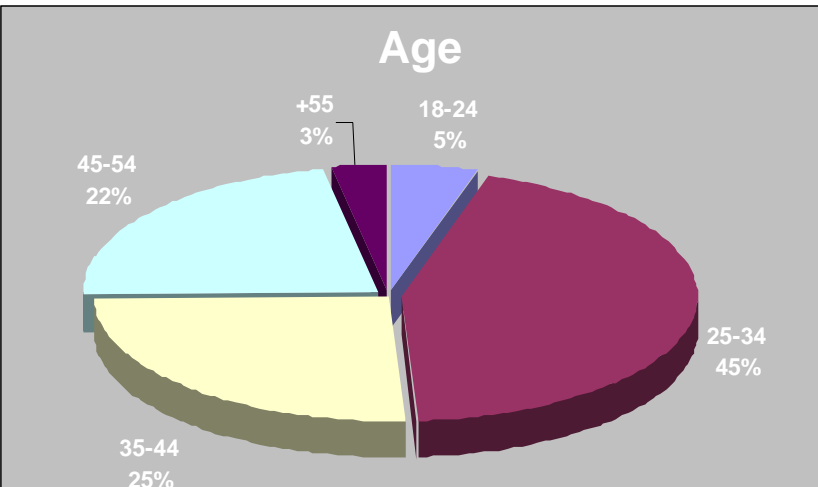
Completion rate ~ 100%

- Survey completed at beginning of FLE class
- All classes were connected to IDA programs
- Follow-up in early '08 to assess changes in financial attitudes, behaviors and outcomes

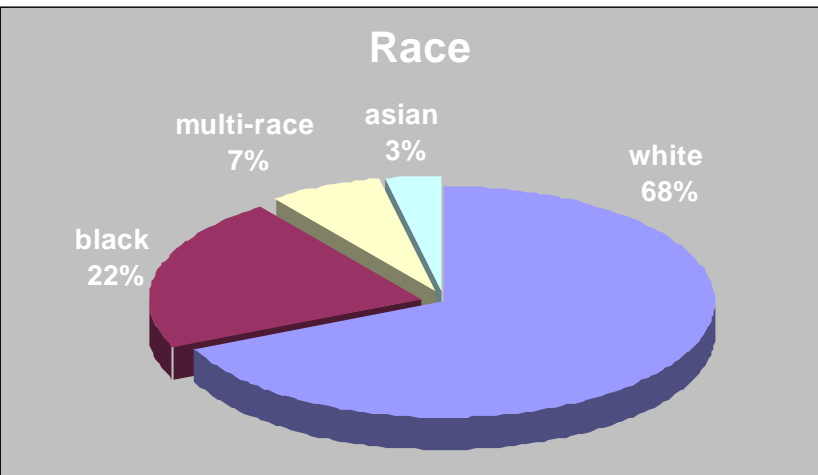
| Agency       | #         | %          |
|--------------|-----------|------------|
| QCAP         | 11        | 17.2       |
| Greenfield   | 10        | 15.6       |
| MOC          | 9         | 14.1       |
| Tri-CAP      | 9         | 14.1       |
| SSCAC        | 8         | 12.5       |
| NSCAP        | 7         | 10.9       |
| BCAC         | 5         | 7.8        |
| CFC          | 5         | 7.8        |
| <b>Total</b> | <b>64</b> | <b>100</b> |

# Demographics

Gender: 89% Female, 11% Male



92% are ages 25-54

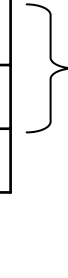


White majority

Ethnicity: 15% Hispanic, 85% non-Hispanic

# Children

| Age     | %     |
|---------|-------|
| Under 3 | 16.8% |
| 3-13    | 51.3% |
| 14-18   | 20.4% |



68% of children are under 14

| % clients that have | this many children |
|---------------------|--------------------|
| 18.8%               | 0                  |
| 25.0%               | 1                  |
| 32.8%               | 2                  |
| 15.6%               | 3                  |
| 1.6%                | 4                  |
| 4.7%                | 5                  |
| 1.6%                | 6                  |

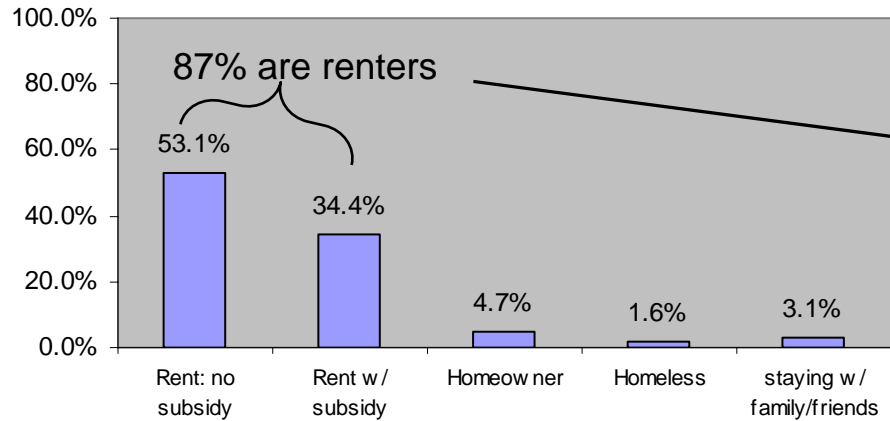
91% of participants have a child

1. Providing child care
2. Including child education component
3. Connections with Head Start and other programs for children

## Implications

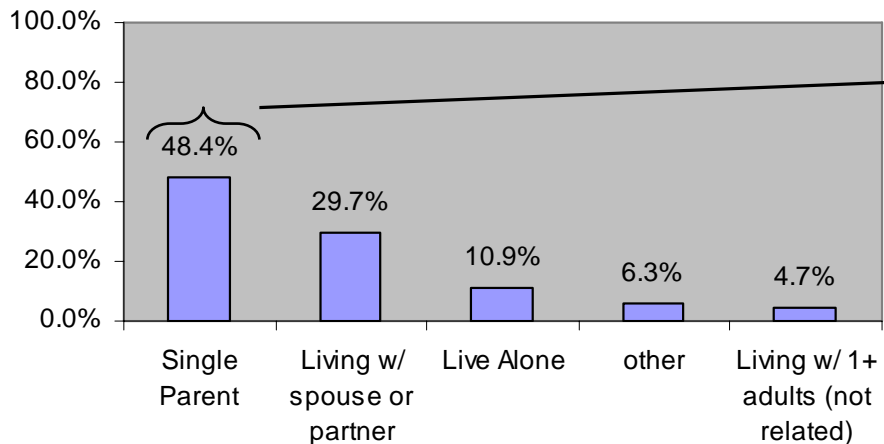
# Housing

## Living Situation



Implication: Connection to rent and fuel assistance

## Household Composition



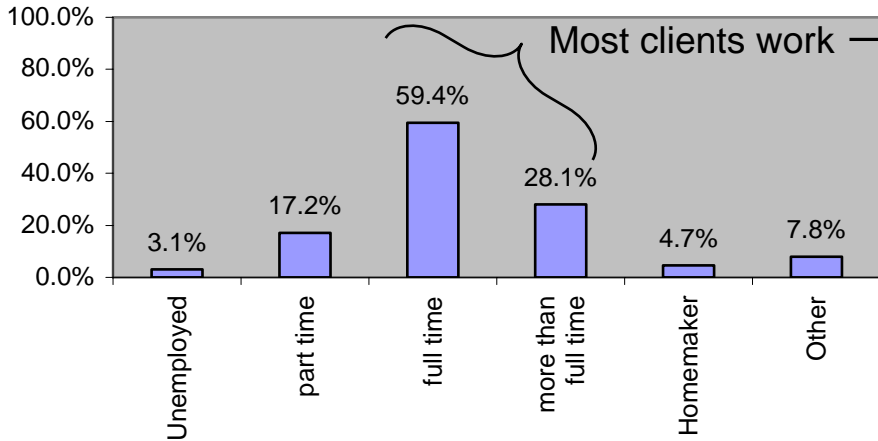
Implication: Stress of working and raising children

# Profile: Single parents

- About ½ the group
- 30 female, 1 male
- Younger (avg. = 34), less educated
- 55% rent with subsidy, 35% rent w/o subsidy
- 75% work full time or more than full time
- 19 regularly save, 12 do not
- 27 owe money w/ same debt pattern as larger group

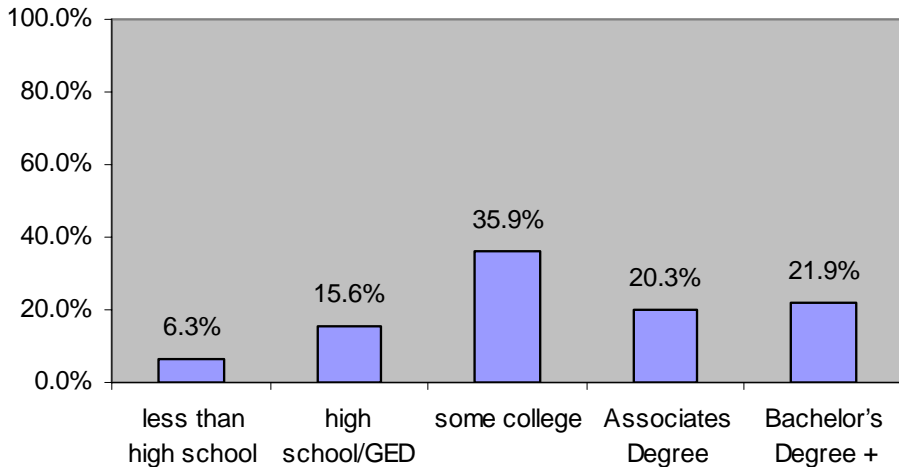
# Work & Education

### Working Situation



Implications: EITC & Work benefits

### Education Level



- 94% have High School degree or GED
- 42% have a college degree, but 36% have not finished college

# Recruitment & Retention

## Source of referral

1. this agency: 36%
2. friends or family: 33%
3. another agency: 25%
4. advertisement: 16%

## Why people come

1. **Save for home:** “I want to learn how to better manage my finances so I can someday be a homeowner and better provide for my family.”
2. **Business:** “Help with building my business and it sounded so good I attended.”
3. **IDA:** “A prime motivating factor was the matched savings program 3:1. This is a wonderful opportunity and unheard of to me. I am hoping to better manage my income and assets in order to become more financially stable.”
4. **Save money in general:** “learn about saving \$”
5. **Handle and avoid debt:** “I decided to do this class because I need to know more about keeping myself out of debt, and also to know more about money and making something out of it”

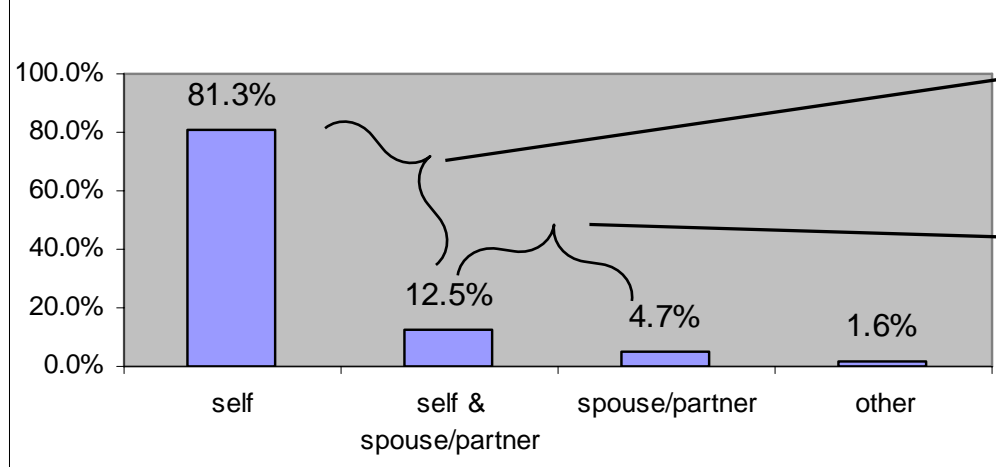
Control/knowledge

Improve life situation

Children/family

# Money Management

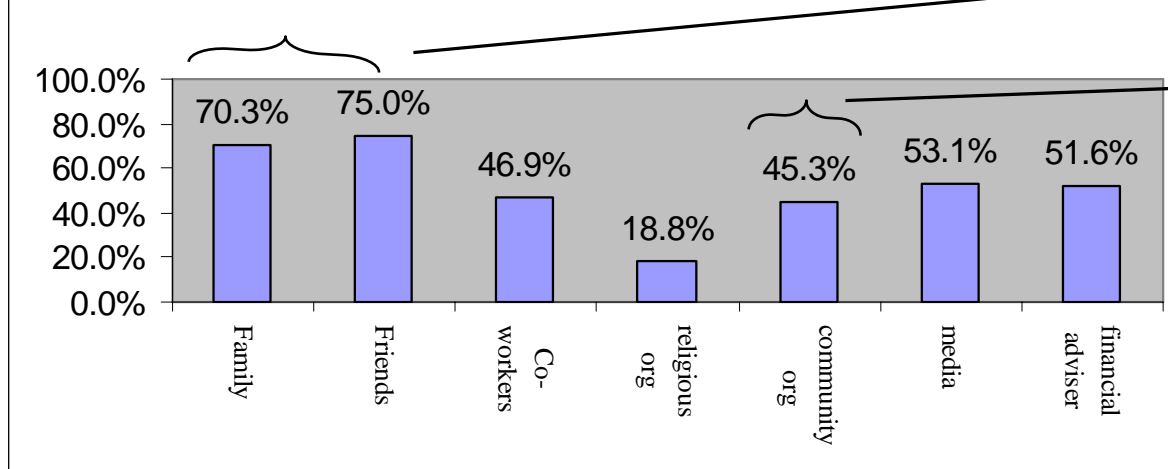
## Who manages your finances?



94% manage their own finances

17% have arrangements with spouse/partners

## Source of financial advice



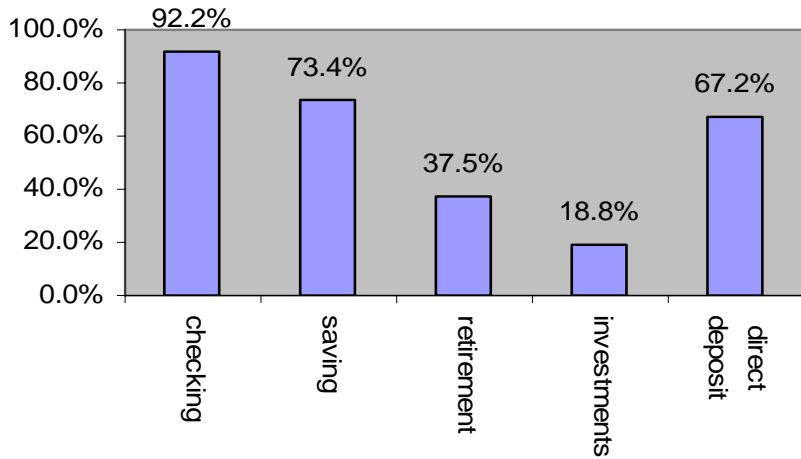
Friends/family most common

Potential of CAA

Wide range of sources

# Financial Products

**Account Ownership**

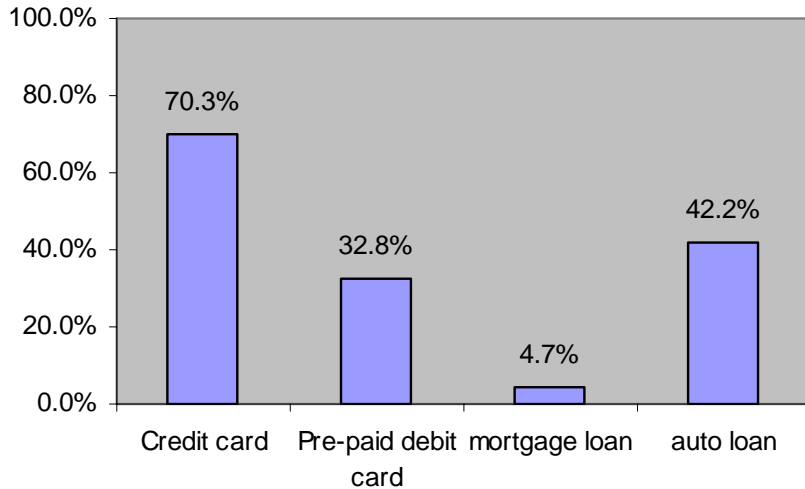


92% are banked, but...

~25% do not have a savings account

~60% do not have a retirement account

**Credit and Loans**



Ubiquity of credit cards, pre-paid debit cards and auto loans

# Strategies to get by (past year)

| INCREASES DEBT                |       |
|-------------------------------|-------|
| borrow \$ from friends/family | 59.4% |
| payday loan                   | 9.4%  |
| pawnshop                      | 3.1%  |
| REDUCES DEBT                  |       |
| more work                     | 64.1% |
| rent/fuel/food assistance     | 46.9% |
| repayment plan                | 17.2% |
| bankruptcy                    | 1.6%  |

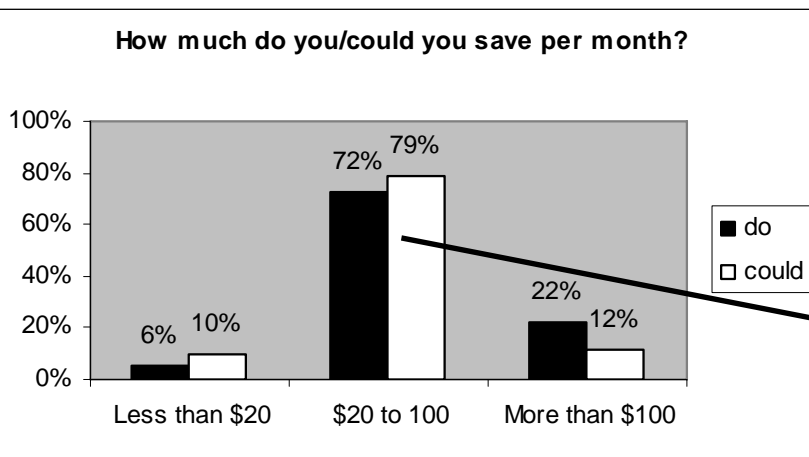
# Saving

## Reasons for saving

1. Homeownership (77%)
2. Emergencies (72%)
3. Child's education (39%)
4. Family daily needs (36%)
5. Vehicle (31%)
6. Retirement (30%)

## Barriers to Saving and Getting Ahead

- Daily expenses (utility bills, housing costs, transportation)
- Debt
- Low Income or job instability
- Don't know how
- Extra \$ goes to help friends and family
- Medical problems
- Not my goal



**43% save regularly, 57% do not**

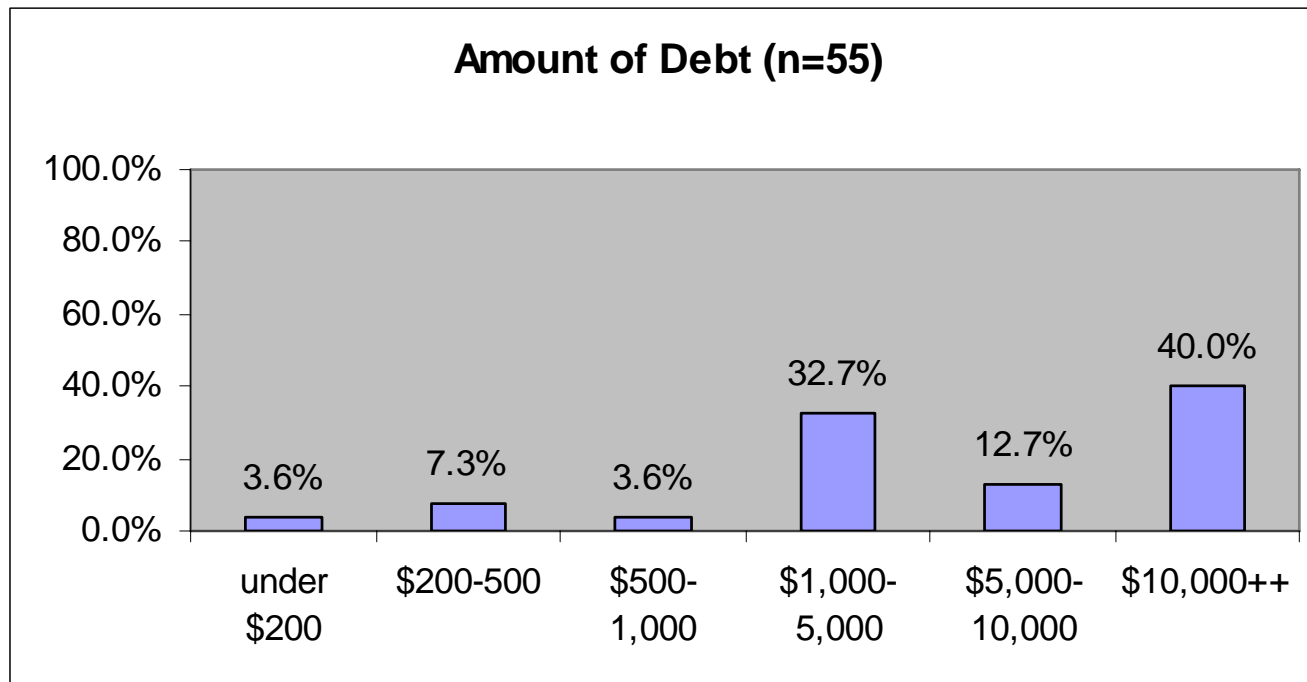
Most people can save \$20-100/month

# Debt

87% have non-mortgage debt



Implication: Incorporate debt prevention & management



# Confidence & Attitudes

|  | Disagree | Agree |
|--|----------|-------|
| I know how to manage my money  | 44%      | 52%   |
| I feel able to set and achieve my financial goals  | 39%      | 59%   |
| I know about the services offered by banks and credit unions and how to use them         | 67%      | 30%   |
| I know how to recognize and avoid dangerous loans  | 48%      | 50%   |
| I know what government programs and benefits I am eligible for and how to apply for them | 75%      | 22%   |

Many feel the need for FLE...

...but many do not.

Misperceptions and over-confidence

OR

Financially literate individuals who just want in the IDA program??

# Relationship with agency

| Services used in last 2 yrs.  |           |
|-------------------------------|-----------|
| Fuel Assistance               | 35.9%     |
| Housing Assistance            | 35.9%     |
| WIC                           | 28.1%     |
| IDA                           | 25.0%     |
| Homebuyer Ed                  | 25.0%     |
| Head Start                    | 21.9%     |
| Tax Prep                      | 17.2%     |
| Job Skills                    | 10.9%     |
| FLE, ABE, ESL, Small Business | Under 10% |



Implication: The importance of referrals from and to other agency services

Implication: Building and leveraging staff/client relationships

