Building a Future of Financial Stability: Integrating Asset Building into Alameda County Social Services Agency's Services

Jennifer Kaley

EXECUTIVE SUMMARY

The number of financially vulnerable families has been increasing in households across the United States, and half of all households are considered to be "asset poor." Accumulating assets and growing wealth is challenging for most people and more so for those who have never been exposed to information about banking and credit practices. These facts take on real faces in Alameda County where one in five county residents receive services from the Alameda County Social Services Agency (SSA). In 2013, as an effort to promote the economic and social well-being of individuals, families, and neighborhoods, SSA started integrating asset building and financial education into its menu of services. To implement this effort, SSA secured grant funding and partnered with community-based organizations to provide financial education workshops to its clients as a pilot program and asset building strategy to increase client financial knowledge. Additional supports came from expanding access to financial counseling through Volunteer Income Tax Assistance (VITA) site referrals and increased access to asset building opportunities for clients including savings plans. The pilot has yielded promising outcomes. This case study examines Alameda County's integration of asset building strategies into its menu of services, specifically the financial workshops and coaching, and how Sonoma County could benefit from implementing a similar pilot.

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Introduction

Even prior to the recent economic recession, financial vulnerability has been increasing in households across the United States. Half of families with children are considered to be "asset poor," which calculates their net worth as below the federal poverty level. Poverty rates are rising with 46 million Americans living in poverty in 2010—an increase of 3 million from the previous year. In the past three decades, income inequality has increased with share of income up by 276% for the top 1% while the bottom fifth's share of income increased less than 20%.

Inequalities in wealth have also increased, exposing significant disparities between rich and poor, young and old, and whites and non-whites. Although levels of wealth declined for all Americans during the recession, African-Americans and Hispanics absorbed more of the impact. In 2009, white households had a comparative net worth ratio of 19:1 to African American households and 15:1 to Hispanic households. More than a third of households with the head of household ages 35 years old or younger have a net worth of zero or less, doubling since the 1980's. A family's ability to secure necessities for a minimally healthy life is directly impacted by income levels and asset deficits. Financial problems and debt affect psychological and physical well-being.

However, financially vulnerable families do have financial survival skills. Families living in poverty often track and then weigh most financial decisions, work to balance income with expenses, and draw on support networks. Evidence that even the poorest families build in savings measures for emergencies is increasing, leading policy-makers to rethink how low-income households can be best supported. Families must be given the opportunity to build financial stability through education, applied planning, access to asset building opportunities, and community support. Investing in financial education and asset building for families will not only reduce low-income families' need for public benefits, but also will produce an increase in their self-esteem and autonomy, give them tools to move them out of poverty, and establish a foundation for a generational change in economic security.

Background

In September 2014, under the direction of Lori Cox, Agency Director, the Alameda County Social Services Agency (SSA) released an Asset Building Concept Paper outlining a collective impact model addressing the financial needs of Alameda County as a whole including a plan to promote economic and social well-being of individuals, families, and neighborhoods in the county. Aware that one in five county residents receive assistance from SSA, Cox focused on asset building, financial education, and commitment to sustainable community economic development efforts.

SSA worked from a broader vision incorporating county partners and a parallel process into its plan.

SSA began with focusing on asset building efforts in social services and researched effective practice. SSA collected client/community feedback through 2013-2014 tax season surveys given to clients at Volunteer Income Tax Assistance (VITA) sites.

SSA identified threegoals: to increase savings, build and repair credit, and increase use of low-cost financial products rather than high-cost predatory products. Established research revealed that positive outcomes would increase for clients through financial education and access to financial growth opportunities.

SSA's Asset Building Strategies

SSA's main strategy was to create a menu of asset building services to all recipients of its services across divisions/agencies. It created several services built on financial education and access to financial growth opportunities. The menu of services includes:

- Asset building at SSA VITA sites
- Savings accounts for families on CalWORKs
- Child support savings pilot as part of SSA's Fatherhood Initiative
- Overpayment, grant adjustments and credit building
- Direct deposit promotion and no-fee lobby ATMs
- Referral partnerships with local community-based organizations (CBOs) and coalitions
- Referral to, and promotion of, low-cost products
- Incorporating assets into workforce and economic development efforts
- Asset building supports for foster youth
- Financial education, savings and credit building for staff

To fulfill a broader vision and create sustainable financial change, SSA knew that existing programs, policies, and regulations would also need to change. Along with a focus on the menu of services and ongoing asset building strategies, SSA also developed state and federal priorities as its 2015 legislative platform, which supports economic stability and access to wealth building. They included:

- removing asset limits for public benefits
- restrictingpayday lending and other predatory financial products and services
- expanding the presence of mainstream financial institutions in underserved communities
- expanding access to credit and capital
- expanding state tax credits for low-income families
- establishing a California Individual Development Account (IDA) program
- reducing or eliminating Electronic Benefit Transfer (EBT) fees
- funding asset building in county social service agencies
- expanding the earned Income Tax Credit (EITC)
- maintaining and expanding savings programs

Successes and Accomplishments

SSA already had much success in development and county resident use of three VITA sites spread throughout the county. The VITA sites gradually increased the number of tax returns completed beginning in 2001, culminating in 2,100 completed tax returns and $3.2 million in refunds for clients in 2014. To identify asset building needs and begin incorporating asset building strategies, SSA offered additional services at VITA in 2014, including financial product enrollment, financial education surveys, and benefits screening. Through partnering with Sparkpoint (United Way) and EBALDC, SSA offered referrals to clients at VITA sites for one-on-one asset/financial coaching. Coaches helped clients enroll in prepaid credit cards through U.S. banks as a credit building/healthy banking strategy. Targeting clients through VITA sites not only established a baseline of financial need through client surveys, but also put financial tools and services where clients could access them, "meeting the clients where they are at."

In addition to the expanded VITA services, SSA targeted the planning and development of asset building programs. These efforts were funded by a San Francisco Foundation (SFF) grant of which SSA have been recipients the last 3 years. The grant allowed them to experiment with developing a scalable model of effective asset building integrated into the menu of public social services in Alameda County.

The grant provided $25,000 for the first year which funded a partnership with the Alameda County Community Asset Network (AC CAN) and research on engaging clients in financial education. In partnership with AC CAN, SSA piloted gender-specific financial education workshop cohorts. All pilot participants were volunteers from the CalWORKs and GA programs. Participants were offered three two-hour workshops and two one-hour individual credit coaching sessions. The first cohort consisted of nine male GA recipients. The second cohort consisted of 11 female Subsidized Employment Program (SEP) participants. Outcomes included an increase in credit scores for participants who completed the individual coaching sessions, which included assistance on cleaning up credit and understanding a credit report. Feedback indicated that participants were more comfortable in gender specific cohorts. A shift from poverty consciousness to wealth consciousness occurred.

The second year of funding ($25,000) produced a third and fourth cohort. The third cohort targeted AB12 non-minors (12 participants) who had received customized financial education built into Independent Living Skills (ILS) classes provided by Community Financial Resources with built-in incentives. The fourth cohort consisted of Supervised Job Search participants. Focus groups were conducted following completion of workshops/coaching and feedback was consistent between cohorts: this is important information that helped participants learn about their financial capabilities and increase asset building opportunities through bettering their credit and learning how to navigate the banking/credit system.

Even though Alameda County was offered a third year of funding ($50,000 covering a 24 month period), it chose to decline the grant for this year and plan to first assess the outcomes of recent efforts and strategize on best ways to move forward with knowledge that asset building is not a one size fits all program.

Additional successes include the established use of ATM machines in five SSA locations providing clients with EBT card access to their funds without surcharge fees.

Next steps will likely include targeting larger numbers of participants with greater completion rates as well as advocating for counting financial education as CORE under the Work Participation Rate for CalWORKs recipients.

Conclusion

SSA has a strong vision behind its efforts to integrate asset building into its services. Not only has SSA been able to deduce that financial education can benefit vulnerable populations, but it also continues to expand its target groups and offer financial education enhancements to existing programs. Aware that case management in and of itself is not enough to change the financial capabilities of clients; SSA integrates social service asset building strategies, broad-based community strategies, parallel process through staff education, and legislative investments.

Supports, like an agency vision and concept paper, the grant funding, the development of the Asset Building Coordinator position, and the Asset Building Steering Committee, created a strong foundation and team to build financial health for SSA clients and staff. Continued partnerships with CBO's, the development and accessibility of financial education tools, and targeting VITA site clients will also increase financial health awareness in the larger community.

Recommendations

Based on an analysis of the Alameda County SSA experience, it is recommend that Sonoma County Human Services Department (HSD) invest in integrating asset building and financial education by beginning with exploring the implementation of a pilot "Financial Health" Workshop which would include individual coaching sessions for HSD clients, specifically, AB12 non-minors and CalWORKs cash aid recipients. Workshops offered by The Employment Group (TEG) via job search, such as Money Management, could be expanded, or a day addressing banking and credit reports could be added to the SonomaWORKs Basic Career Development. Both categories of clients work directly with social service workers or employment and training counselors who would be able to refer potential participants as well as provide ongoing financial coaching through standard case management, which will improve outcomes and support transfer of learning. Investing in financial education now through families and young adults entering the workforce influences family dynamics and plants the seeds of financial health that can be passed on to future generations.

In addition, staff development would provide "coaching training" to social service workers and employment and training counselors to build/reinforce skill sets needed to enhance transfer of learning for clients and coordinate "Train the Trainer" options for case managers and/or specialized financial workers.

Cost/Budget Implications

To implement financial education workshops for CalWORKs recipients and AB12 non-minors, Sonoma County HSD would need to contract with financial educator(s) in the county to either provide education to workshop providers as well as curriculum for workshops, or provide the actual workshops. Contract would likely match the grant funding at $100,000 for a four year period. The county maintains a relationship with Redwood Empire United Way and could explore the idea of partnering in a broader scope with United Way of the Greater Bay Area to integrate a CalWORKs financial education workshop pilot. The pilot could be implemented using cohorts from both Initial and Ongoing Job Search and Basic Career Development Workshops (BCD). AB12 non-minors would be referred by their social workers to BCD workshops at CalWORKs. A long-term program would likely require an additional Employment and Training Program Coordinator position, estimated at $125,000.

As Sonoma County has established VITA sites, these areas would be used to not only target potential financial education interested clients, but also to offer financial counseling (one-on-one) on-site. If clients could receive immediate financial counseling/coaching, this may increase the overall spread of financial knowledge and direct receipt of financial educational tools. Most likely, onsite coaching will lead to higher turnout for scheduled, continuing financial coaching. It is clear that when families are given accessible tools, they will apply them, and they will grow and change. Sonoma County would likely achieve higher participation rates with early intervention coaching at VITA sites and shorter interventions, such as compacted workshops with immediate coaching. In addition, use of incentives for clients to begin using banking tools was effective in Alameda County and would likely be highly effective in Sonoma County. For example, partnering with local credit unions that are willing to waive their banking fees for HSD clients could increase participation and include community partners in a county asset building strategy.

If this pilot is successful, it could be expanded to include other HSD client cohorts. Sonoma County Adult and Aging Division's Adult Protective Services (APS) trains a specialized group of workers to examine financial abuse and assist clients in financial education and protection. This model could be explored for other client groups, such as In Home Supportive Services (IHSS) clients and caregivers, CalWORKs clients, and General Assistance (GA) clients.

Acknowledgments

I would like to thank Alameda County Social Services Agency for providing a valuable experience and rich opportunity to learn about its asset building and financial education investments. I would also like to thank Larry Sanchez and his staff development team, TACT, for providing an expansive overview of the county's programs and orientation.

In particular, I would like to acknowledge Lorena Briseno, the Language Access and Asset Building Coordinator, for sharing her knowledge and experience and for allowing me to observe and participate in the most recent financial education cohort focus group. Lorena, thank you for your enthusiasm, responsiveness, and inclusion. Being able to observe the financial workshop cohort focus group and listen to clients reminded me of how important it is to stay connected to clients' experiences of services and ideas for improvement.

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