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Money $mart in Head Start: Financial Education and Outreach with Head Start Families

Peggy Olive, University of Wisconsin - Cooperative Extension
Collin O'Rourke & J. Michael Collins, University of Wisconsin Center for Financial Security

Introduction

During the 2010-2011 school year, families in 16 counties across Wisconsin participated in the *Money $mart in Head Start* (MSiHS) program. This was the program's second year, following a smaller pilot during the 2009-2010 school year that involved seven counties. The MSiHS program consists of a series of partnerships between local Head Start programs and University of Wisconsin - Cooperative Extension offices. The MSiHS program offers a mixture of three financial literacy interventions—monthly newsletters, financial education workshops, and financial coaching—to Head Start families. Head Start families were the focus of this program because they have low-incomes and are therefore vulnerable to financial shocks, and because parenting a young child may be a teachable moment when parents are particularly focused on the future.

Why Head Start Families?

First and foremost, Head Start families were deemed an appropriate audience for this initiative because relative to the overall population, Head Start families have lower-incomes, lower educational attainment, and a higher unemployment rate. Together, these circumstances make Head Start families financially vulnerable. Additional information about the families involved in the MSiHS program is available in this brief's section on participant demographics.

Head Start families were also selected for this intervention because the experience of parenting a young child is hypothesized to be a key teachable moment in individuals' financial lives. Parents of young children may be more future-oriented and more open to financial capability interventions than other groups due to the transformative experience of parenting. Parents of young children may be more reflective on their long-term financial goals, motivated to change their behavior, and interested in services designed to help them attain their goals. Thus, Head Start families were seen as an ideal audience for this series of interventions both because they are vulnerable financially, and because they are at a point in their lives that may function as a teachable moment.

Implementation of the *Money $mart in Head Start* Program

Head Start families in participating counties were first introduced to the MSiHS program during the fall Head Start home visit. During this home visit, Head Start staff promoted the MSiHS program and asked families to complete a survey. In a small number of instances, UW-Extension staff administered the surveys at Head Start events (e.g. family nights, open houses). The survey asked families about their financial behaviors, knowledge, and confidence. Importantly, the survey also asked families if they had a financial goal and whether they were interested in participating in financial coaching. The fall surveys were collected in an effort to track participants' progress over time. Participants completed a follow-up survey in the spring.

Families that completed the fall survey were automatically signed up for eight monthly MSiHS newsletters. In addition, families were encouraged, where available, to take part in financial literacy workshops and in financial coaching through the MSiHS program. Overall, Head Start staff were charged with promoting the MSiHS program and collecting the surveys. UW-Extension staff delivered the program's financial literacy content—the newsletters, workshops, and financial coaching.

Overview of the Three Financial Literacy Services Offered to Head Start Families

Families that participated in the MSiHS program were offered a mixture of the following financial literacy services, depending on their county and which Head Start program their child was enrolled in: monthly newsletters, financial literacy workshops, and financial coaching. Although the availability and implementation of the financial literacy workshops and of financial coaching varied across counties, the monthly newsletters were standardized across the 16 counties.

Note that this project involved a research component. A subset of Head Start families involved in the research angle of this project did not have access to any of the three financial literacy services. These families comprise the project's comparison group. Families in the comparison group were asked to complete the baseline and follow-up surveys. Approximately 90 families in the comparison group completed the baseline survey in the fall of 2010. The services described below do not apply to the comparison group.

1) Monthly Newsletters

All MSiHS families that completed the baseline survey (aside from those in the comparison group) received monthly newsletters that highlighted key financial information. Families could choose to receive these newsletters via email or through the postal mail. Only one family across the 16 counties opted to receive the newsletters via email, which is likely indicative of limited internet access and a lack of confidence with computers. In one county, the newsletters were sent home with the children, so no postage was necessary.

Families received eight newsletters over the course of the school year, each of which covered a different financial topic: 1) setting goals; 2) creating a spending plan; 3) managing debt; 4) tax refunds and credits; 5) saving; 6) banking; 7) credit; and 8) household organization and record keeping. The newsletters were designed such that participants were encouraged to set a financial goal during the first month, with subsequent newsletters highlighting financial management skills that could help them reach those goals. The newsletters focused both on general financial topics and on topics of particular significance to lower-income households. Topics covered in the 2010-2011 newsletters reflected feedback from the 2009-2010 pilot project. The newsletters proved to be a low cost way of providing relevant, timely, and unbiased financial information to Head Start families. Even accounting for the costs of mailing, the newsletters reached hundreds of families at a fairly low cost.

2) Financial Literacy Workshops

The second service offered to Head Start families consisted of two traditional financial literacy workshops delivered by UW-Extension staff. One of the workshops focused on budgeting and saving, and the other focused on credit management. These workshops were held specifically for families in the MSiHS program. The availability and implementation of the workshops varied across counties (e.g. some counties offered the workshops during the daytime while others offered them in the evening), depending on local resources. Similar to the intent of the newsletters, the financial literacy workshops sought to deliver financial information that would be useful to a lower-income audience with young children. The workshops were designed to complement, rather than simply repeat, the information in the monthly newsletters.

3) Financial Coaching

The idea underlying both the newsletters and the workshops is that individuals' behavior will change after they learn new information. However, new information alone is often insufficient for behavior change. People may learn something new about managing debt, for example, but struggle to implement that newfound knowledge. Recognizing that information alone may not be enough to help individuals change their behavior and reach their financial goals, financial coaching was offered in select counties where trained coaches were available. In general, the coaches were UW-Extension staff members, but in limited instances Head Start families worked with volunteer coaches.

Financial coaching is a collaborative process in which the coach and the client work together to reach the client's long-term financial goals. Coaches help clients refine their goals into "S.M.A.R.T." goals, which are specific, measurable, attainable, realistic, and timely. Coaches then hold clients accountable to the goals that clients have set for themselves. For instance, a coach may check-in with a client who has set a goal of opening a savings account by a certain date in order to hold the client accountable to this commitment. Financial coaching also gives clients the opportunity to practice new skills in a supportive environment. The client-coach relationship (e.g. the number of times they met, how frequently they met, how they corresponded) varied across clients. Because coaching involves one-to-one meetings over time, it is a more resource intensive financial capability building intervention.

Survey Data

Survey data were collected at the beginning and end of both the 2009-2010 and 2010-2011 school years in order to gain a sense of who the program was reaching and in an effort to track outcomes over time. As described earlier, some counties and individual Head Start programs that collected survey data did not offer any of the three financial literacy services to Head Start families. The results from the 2009-2010 surveys were used to inform the development of the 2010-2011 program. The 2010-2011 survey reached far more families as the program expanded. Thus, the data presented in this brief is drawn from the

2010-2011 surveys. Information about families offered MSiHS services—their demographics, financial knowledge, behavior, confidence, and goals—is drawn from the 2010-2011 baseline survey. The baseline survey is representative of Head Start families as a whole. Later in this brief, responses on the 2010-2011 baseline and follow-up surveys are compared in order to see whether families' financial security improved over time.

Demographics

The 507 responses to the baseline survey in the fall of 2010 provide a sense of who the MSiHS program attempted to recruit across the 16 participating counties. Not surprisingly given their status as parents, the majority (56%) of survey respondents were between the ages of 26 and 35. Nearly one-quarter were less than 25, and 16% were between 36 and 45. Few respondents were older than 46, and some of those who were may be grandparents of the child(ren) enrolled in Head Start. A small number of Head Start employees also participated in the program—they received the newsletters, could participate in workshops or coaching, and filled out the surveys. Therefore, a handful of Head Start employees are included in the survey data.

In terms of respondents' gender and marital status,

- 92% were women
- 57% were unmarried
- 51% were single women

Twenty percent of respondents had one child in their home under the age of 18, just over one-third had two such children, about one-quarter had three children in their home, and 18% lived with four or more children. Respondents' racial and ethnic backgrounds are consistent with the demographics of the 16 MSiHS counties, as 88% of respondents were white.

Education levels were perhaps higher than expected among a lower-income population.

- Nearly 90% of respondents had completed high school
- 48% had attended at least some college

The majority—nearly two-thirds—of respondents rented their housing, 30% owned their homes, and 7% reported "other" as their housing arrangement.

As expected given Head Start's income eligibility requirements, respondents tended to have low take-home incomes.

- Just over one-quarter had monthly take-home incomes of $800 or less
- 38% had monthly take-home incomes between $801 and $1,600
- Nearly two-thirds of respondents had annual take-home incomes of less than $20,000

Financial Behavior, Knowledge, and Confidence

In the fall of 2010, about two-thirds of respondents had a savings account, and the same percentage had a checking account. Further analysis reveals that 26% of respondents were unbanked—they reported having neither a savings nor a checking account. These findings are consistent with previous research documenting lower bank account usage among lower-income populations. Slightly less than one-third of respondents had a credit card.

Numerous other findings bring to light Head Start families' financial vulnerability.

- Only one-in-five respondents had a retirement savings account. This finding is difficult to interpret given the complexity of retirement planning, but it undoubtedly raises concerns.
- Just 13% of respondents use automatic deposit, which is concerning in light of the research suggesting that "paying yourself first" through automatic deposits into a savings account is an effective strategy for building long-term savings.
- Only 6% of respondents had a rainy day fund with 3 months worth of expenses—a key milestone for weathering financial shocks.
- A full 60% reported having difficulty paying some of their loans or debts. Further, 36% of respondents reported paying their bills late "almost always" or "often." Nearly one-third had received three or more calls from a creditor in the last three months.

The survey contained many additional questions about families' financial situations, but they all tell the same story—namely, that a large percentage of families were struggling financially.

Given that the MSiHS program included interventions designed to bolster financial knowledge, the surveys included a series of 5-point scales that asked respondents to rank their knowledge from 1 ("nothing") to 5 ("a lot"). Respondents' mean knowledge of *Loans and Interest Rates* and *Credit Scores and Reports* corresponds to "some" knowledge, with their knowledge of *Stocks and Bonds* and *Investing for Retirement* falling closer to "very little."

Respondents tend to lack confidence in their ability to manage important financial tasks, based on questions using 10-point scales (1=low confidence, 10=high confidence). For instance, respondents' mean confidence in saving for the future was just 4.3. Their confidence in planning for retirement was only 3.5.

Together, all of these findings about respondents' behaviors, knowledge, and confidence reaffirm the MSiHS program's vision of collaborating across agencies to reach financially vulnerable households.

Financial Goals and Participants' Interest in Financial Coaching

The surveys asked respondents whether they had a financial goal and how confident they were in reaching it within the next year. Sixty-eight percent of respondents claimed to have a financial goal on the baseline survey. However, nearly one-half of respondents reported having no confidence or only a little confidence in meeting their goals.

Because financial coaching focuses so intently on helping individuals reach financial goals they have chosen for themselves, the surveys also asked whether respondents were interested in working with a financial coach. About one-third indicated they were interested in working with a coach, one-third were not interested, and one-third were not sure if they were interested.

Despite this fairly high level of interest, recruiting coaching participants proved challenging over the course of the school year.

Pre-Post Data Comparison

To gain a sense of whether families' financial security improved over the course of the school year, data from the fall 2010 baseline survey can be compared to follow-up data from the spring of 2011. Baseline and follow-up surveys have been matched for 159 participants. Far more baseline surveys than follow-up surveys were returned to staff. Such attrition is common to all studies that collect data from the same people at multiple points in time. The following two tables highlight one of the key changes observed from the baseline to the follow-up survey—increases in respondents' confidence about financial matters.

Table 1 displays increases in respondents' confidence in managing various financial tasks. Across all three measures—ability to save money, feeling in control of one's finances, and handling a financial emergency—respondents' confidence improved from the baseline to the follow-up survey.

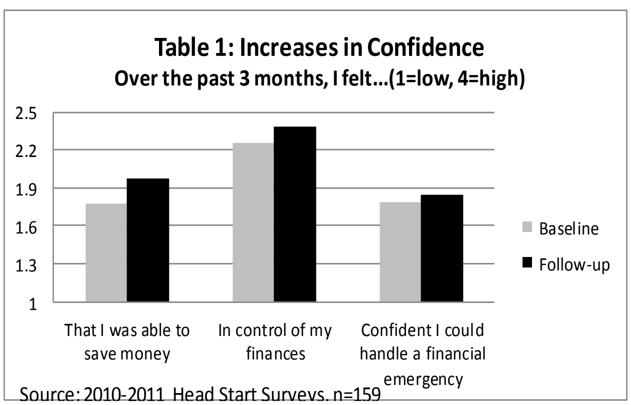
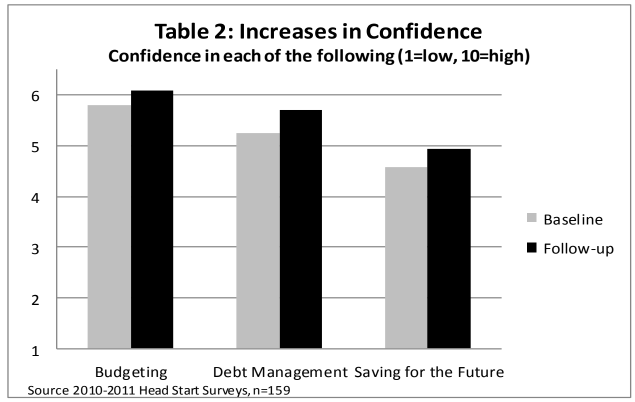


Table 2 displays similar increases in respondents' confidence in the areas of budgeting, managing debt, and saving for the future. Overall, these increases are heartening in light of the fact that self-efficacy—one's belief in his or her ability to accomplish goals—has been linked to behavior change. Thus, these increases in confidence suggest that participants' capacity to put newfound knowledge and skills to use was enhanced by the program. Although preliminary, these results are encouraging.



Conclusions and Next Steps

Financial newsletters, workshops, and coaching were offered to Head Start families because these families are financially vulnerable and because parents of young children may be in the midst of a key teachable moment. The data presented in this brief confirm Head Start families' vulnerable financial positions.

Financial capacity building efforts all too often exist separately from other interventions. Thus, integrating financial capacity building into existing public programs is a novel approach to reaching vulnerable populations. Infusing financial capacity building into existing programs such as Head Start allows financial literacy providers to connect with otherwise difficult to reach lower-income populations. For programs such as Head Start, adding financial capacity building into their services enhances their mission of improving households' wellbeing.

The three services provided through the MSiHS program—newsletters, workshops, and coaching—were low cost interventions that hold the promise of bolstering families' financial security. The MSiHS program is replicable in a range of contexts, both because of its low cost and because it takes advantage of existing community resources. As social service providers continue to face severe budget constraints, partnerships such as the MSiHS program represent a strategy for leveraging existing resources to reach more families and realize greater impacts.

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University of Wisconsin-Madison

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