

Increasing financial capability for families: *Money \$mart in Head Start*



“The presenters were wonderful and helped me so much. This was an excellent learning experience that will change my life.”

—Participant in *Money \$mart in Head Start* program

Situation

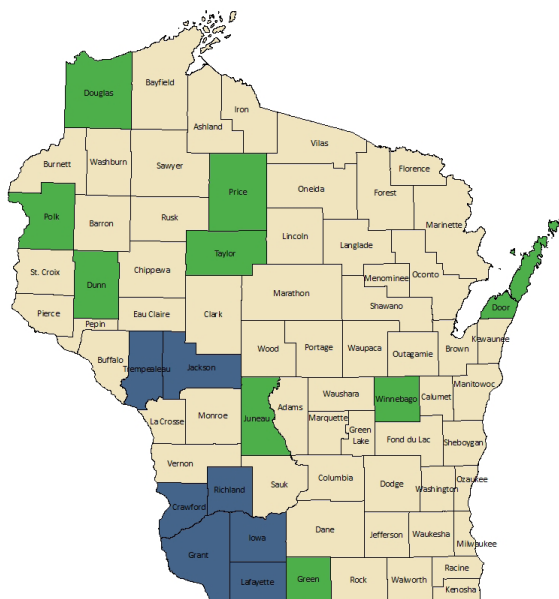
Research shows that programs designed to build financial capability—the ability to effectively manage economic resources based on knowledge, skills and access—can help families improve their financial security. But developing trusted, cost-effective educational programs that reach financially vulnerable, underserved households is often a challenge.

To help meet the needs of Wisconsin families, Cooperative Extension Family Living educators and specialists are working with community-based Head Start programs to provide financial education to low-income families through the *Money \$mart in Head Start (M\$IH\$)* program.

Surveys from more than 500 Wisconsin households enrolled in Head Start counties that offered the *M\$IH\$* program in the 2010-2011 school year underscore the population’s financial vulnerability:

- Two-thirds of respondents had annual take-home incomes of less than \$20,000.
- Only 6% of respondents had a rainy day fund with three months’ worth of expenses—compared to 43% of Wisconsin’s population as a whole.
- Sixty percent 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.

UW-Extension Head Start Financial Literacy Project



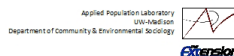
Head Start is a trusted channel for connecting children and families to a variety of developmental and educational services, and it shares Cooperative Extension’s mission of improving families’ well-being. Thus, integrating financial capability efforts into Head Start is a natural fit. Doing so can prove to be an effective way to reach financially vulnerable families in Wisconsin. Head Start services are offered to low-income children and their families.

Response

Beginning with the 2009-2010 school year, Cooperative Extension county offices formed partnerships with local Head Start programs on the *M\$IH\$* initiative. Seven Wisconsin counties participated in the initial pilot during the 2009-2010 school year, and the program expanded to nine additional counties during the 2010-2011 school year.

To better understand which educational approaches most benefit families, the *M\$IH\$* program offered parents with children enrolled in Head Start access to three financial capability-building strategies: 1) monthly newsletters; 2) financial education workshops; and 3) financial coaching.

■ Financial pilot project 2009-2010
■ Financial project expansion 2010-2011
■ No financial project



Family Living Programs Impact Report

Monthly newsletters. Newsletters are a relatively low-cost way to provide relevant, timely and unbiased information to hundreds of Head Start families. *M\$iHS* families received eight monthly newsletters written by Extension educators. Each newsletter 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 encouraged parents to set a financial goal during the first month, with subsequent newsletters highlighting financial management skills to help reach the goals.

Financial literacy workshops.

Workshops deliver financial information that is useful to a lower-income audience with young children and complement the information in the monthly newsletters.

Family Living staff developed and delivered two financial education workshops specifically for families in the *M\$iHS* program. One of the workshops focuses on budgeting and saving, and the other on credit management.

Financial coaching. Coaching is a collaborative process in which the coach and parents work together to reach the parents' long-term financial goals. Coaches help parents refine their goals to be specific, measurable and realistic within a given timeframe. Coaches then hold people accountable to the goals they have set for themselves. The idea behind coaching is that even though people often seek to change their behavior based on what they learn, they may struggle to follow through on taking action.

Select *M\$iHS* sites offered financial coaching to parents, providing one-on-one support for achieving financial goals. Because coaching involves individual meetings over time, it is a fairly resource-intensive intervention, but has potential to help those parents who need and seek out additional support.

Approximately one-third of the Head Start families (507 out of 1,500) in participating *M\$iHS* counties completed surveys at the beginning of the school year. Thirty-eight percent of that group (193 of out of 507) completed a follow-up survey at the end of the school year.

In order to provide a comparison group of parents, a few Head Start sites within the participating counties received surveys, but no educational services.

Outcomes

The differences between households taking part in at least one educational intervention—newsletters, workshops or coaching—were compared to the households that were not offered financial capability building programs.

The outcomes were divided into attitudes and behaviors. Attitudes include worry, confidence and self-assessed ability to manage financial matters. Behaviors include debt levels, bill payment and use of a budget.

Parents who took part in at least one of the educational interventions showed:

- Less worry about finances.
- More confidence in finding money to cover a financial emergency.
- Increased feelings of control over finances.
- More ability to save.

Overall, the parents who participated in the *M\$iHS* program group:

- Showed lower debt levels.
- Were more likely to have checked their credit report.
- Were much more likely to have a written budget.

These results suggest that taking part in the *M\$iHS* program is associated with positive changes in both attitudes and behaviors.

The *Money Smart in Head Start* financial capability building initiative appears to offer a highly useful resource for increasing financial security among young, limited-income families.

To learn more about the *Money Smart in Head Start* initiative, go to: <http://fyi.uwex.edu/moneysmartheadstart>.

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