

Strengthening Social Workers' Capacity to Improve Clients' Financial Capability & Economic Well-Being: An Evaluation Study

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Background to the Problem

- Financial stress does not discriminate and affects all aspects of personal, work and family life, as well as whole communities
- The prolonged global financial crisis continues to affect vulnerable individuals, families and communities, in addition to negatively affecting persons who were previously financially stable
- Social work research on financial capability is limited, despite the need for training to address complex client problems (Anderson et al., 2007; Despard & Chowa, 2010; Kindle, 2010; Sherraden et al., 2007)

Research Questions

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|---|--|
| Professional Practice Questions <ul style="list-style-type: none">What percentage of clients present with primary and secondary problems related to finances?How often do social workers assess and support client financial capability within their direct practice and do services increase following training?How confident are social workers in their ability to assess and respond to client financial problems?What organizational barriers exist that prevent social workers from addressing client financial capability? | Personal Financial Knowledge and Behaviors <ul style="list-style-type: none">After training, do social workers' knowledge regarding financial concepts improve?After training, do social workers' personal financial behavior improve? |
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Measures

- Financial Capability Practice Skills** (new 10-item scale with two factors)
 - Direct Practice Skills (6 items, alpha = .89)
 - Indirect Practice Skills (4 items, alpha = .76)
- Professional Self-Efficacy** (new 8-item scale, alpha = .78)
- Financial Knowledge:** "What's Your Financial IQ", Surveys of Consumers, University of Michigan (Hilgert et al., 2003)
- Financial Behavior:** "Financial Behaviors and Product Ownership" questionnaire, Surveys of Consumers, University of Michigan (Hilgert et al., 2003)

Results for Professional Practice (continued)

- Professional Self-Efficacy**
 - Confidence score improved significantly from T1 to T2 ($p = .01$), but were not sustained at T3 ($p > .05$)
- Organizational Barriers** reported at T3
 - Not enough time (43%)
 - Financial services not covered by employer's grant or contract (21%)
 - Services do not align with work organization's mission (41%)

Table 1
Social Workers' Personal Financial Knowledge

	Percent Answering Correctly		
	Pretest	Posttest	Change
<i>Credit</i>			
Creditors are required to tell you the APR that you will pay when you get a loan (T) ^a	81	83	-2
If you expect to carry a balance on your credit card, the APR is the most important thing to look at when comparing credit card offers (T)	64	93	+29*
Your credit report includes employment data, your payment history, any inquiries made by creditors and any public record information (T)	87	93	+6
The finance charge on your credit card statement is what you pay to use credit (T)	58	77	+19
Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea (T)	74	87	+13**
Your credit rating is not affected by how much you charge on your credit cards (F)	81	90	+9**
If your credit card is stolen and someone uses it before you report it missing, you are only responsible for \$50, no matter how much they charge on it (T)	29	39	+10**
If you have any negative information on your credit report, a credit repair agency can help you remove that information (F)	19	64	+45*
If you are behind on debt payments and go to a credit counseling service, they can get the federal government to apply your income tax refund to pay off your debts (F)	32	64	+32
<i>Saving</i>			
You should have an emergency fund that covers two to six months of your expenses (T)	97	100	+3
If you have a savings account at a bank, you may have to pay taxes on the interest you earn (T)	93	93	0
If you buy certificates of deposit, savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk (T)	93	97	+4
With compound interest, you earn interest on your interest, as well as on your principal (T)	94	100	+6
Whole life insurance has a savings feature while term life insurance does not (T)	71	74	+3
<i>Investment</i>			
The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time (T)	93	97	+4**
A stock mutual fund combines the money of many investors to buy a variety of stocks (T)	97	97	0
Employees are responsible for providing the majority of funds that you will need for retirement (T) ^b	58	64	+6
Over the long term, stocks have the highest rate of return on money invested (T)	68	77	+9
Mutual funds pay a guaranteed rate of return (F)	81	68	-13
All investment products bought at your bank are covered by FDIC insurance (F)	61	71	+10**
<i>Mortgages</i>			
When you use your home as collateral for a loan, there is no chance of losing your home (F)	100	100	0
You could save thousands of dollars in interest costs by choosing a 15-year rather than a 30-year mortgage (T)	84	97	+13*
If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will also go up (T)	100	100	0
Repeatedly refinancing your home mortgage over a short period of time results in added fees and points that further increase your debt (T)	94	94	0
<i>Other</i>			
Making payments late on your bills can make it more difficult to take out a loan (T)	100	100	0
Your bank will usually call to warn you if you write a check that would overdraw your account (F)	90	97	+7**
The cash value of a life insurance policy is the amount available if you surrender your life insurance policy while you're still alive (T)	71	77	+6
After signing a contract to buy a new car, you have three days to change your mind (T)	72	64	-8*

^aNote: From "Household financial management: The connection between knowledge and behavior," by M. Hilgert, J. M. Hogarth, and S. G. Beverly, 2003, *Federal Reserve Bulletin* (July), 309-322.
^bCorrect answers are found in parentheses at the end of each item: (T) is true and (F) is false.
^cThis item was worded as listed in Sherraden, Laux, and Kaufman (2007) and then reverse-scored
 $p < .05$, * $p < .01$, ** $p < .001$

Table 2
Social Workers' Personal Financial Behaviors and Financial Product Ownership

Financial Behavior or Product	Percent Answering "Yes"		
	Pretest	Follow-Up Test	Difference
<i>Cash-Flow Management</i>			
Have checking account	100	100	0
Pay all bills on time	100	100	0
Have financial record keeping system or track expenses	68	73	+5*
Reconcile checkbook every month	41	46	+5*
Follow a spending plan or budget	27	59	+32**
<i>Credit Management</i>			
Have credit card	100	100	0
Pay credit card balances in full each month	27	36	+9*
Review credit reports	54	54	0
Compare offers before applying for a credit card	77	86	+9
<i>Saving</i>			
Have savings account	100	100	0
Have emergency fund	77	95	+18
Save or invest money out of each paycheck	72	64	-8*
Save for long-term goals such as education, car, or home	73	59	-14
Have certificates of deposit	18	41	+23**
<i>Investment</i>			
Have money spread over different types of investments	82	91	+9**
Have any retirement plan/account	100	100	0
Have any investment account	68	73	+5*
Have mutual funds	73	73	0
Have 401(k) retirement plan	77	77	0
Have IRA/Keogh	63	59	-4*
Calculated net worth in past two years	62	73	+11*
Participate in employer's 401(k) retirement plan	68	55	-13**
Have public stock	32	41	+9*
Put money into other retirement plans such as an IRA	45	45	0
Have bonds	63	59	-4*
<i>Other Financial Experiences</i>			
Own home	82	77	-5*
Bought a house	77	82	+5
Do own taxes each year	41	50	+9*
Often or always plan and set goals for financial future	63	63	0
Refinanced mortgage or loan for home improvements	46	36	-10
Read about money management	59	64	+5

^aNote: From "Household financial management: The connection between knowledge and behavior," by M. Hilgert, J. M. Hogarth, and S. G. Beverly, 2003, *Federal Reserve Bulletin* (July), 309-322.
^b $p < .05$, * $p < .01$, ** $p < .001$

Discussion

- Majority of social workers had no prior training; however, majority of clients presented with primary or secondary problems related to finances
- Initial improvement in self-efficacy from T1-T2 was not sustained at T3 – further examination of organizational barriers needed
- Training improved personal knowledge & behaviors which is encouraging as a first step to improving professional knowledge & behaviors to increase financial capability for clients

Financial Capability and Social Work Education

- Social workers receive very little, if any, formal training on client financial issues (Despard & Chowa, 2010; Sherraden et al., 2007)
- Many financial programs available do not benefit the most vulnerable clients and families (Kindle, 2010; Sherraden et al., 2007)
- Social work's Code of Ethics includes commitment to economic and social justice, concepts of financial capability (NASW, 2008)

Method

- Participants from a Continuing Professional Education (CPE) Course
- Five 1-day trainings offered in 2010
 - Registrants recruited for study via e-mail
 - Incentives were not offered
 - Of 86 potential participants, 37 (43%) agreed to participate in the study
 - Sample:
 - M age = 47.8 years
 - 73% female
 - 78% Caucasian
 - All social workers
 - 78% reported no prior training in financial education

Procedures and Data Analysis

- Pre-test (T1) online prior to training
- Post-test (T2) paper at training
- Follow-up (T3) online 5 months after training
- Data analyzed using PASW/SPSS v. 18 (2009)
- Data Screening
 - No significant differences with regard to demographics and practice characteristics ($p > .05$)
 - Missing data determined to be missing completely at random (MCAR) based on Little's (1988) test of MCAR and missing data were handled using listwise deletion

Results for Personal Knowledge and Behaviors

- Personal Knowledge** [See Table 1](#)
 - Significant improvement from T1 to T2 for credit knowledge ($p < .001$)
- Personal Behaviors** [See Table 2](#)
 - Significant improvement reported between T1 and T3 for cash flow management, credit management, and saving
 - For investment and other financial experiences, some items increased significantly, while others decreased

What is Financial Capability?

"the capacity, based on knowledge, skills, and access, to manage financial resources effectively. In order to develop this capacity, individuals must have appropriate access to and understanding of financial products, services and concepts. Financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, to take other actions to improve their present and long-term financial well-being" (President's Advisory Council on Financial Capability, 2010, p. 5481)

Client Financial Stability Overview

- 1-Day Course for Social Workers' CEUs
- Learning Objectives:
- Increase understanding of personal finances
 - Increase access to information on existing resources related to a range of financial topics
 - Increase understanding of key modalities used by practitioners
 - Build practical skills to work with clients' financial issues

Results for Professional Practice

- Prevalence of Client Financial Problems**
 - At T1, 48% social workers reported clients presenting with primary problems related to finances and another 47% reported clients presenting with secondary financial problems
- Financial Capability Practice Behaviors**
 - No significant difference for Direct Practice Skills and Indirect Practice Skills from T1 to T3 ($p = .88$)

Results for Use of Training Material

- Professional Practice:** incorporate discussion about finances into every clinical session; develop strategies to reduce client debt; set budgets; disseminated to other practitioners
- Personal Behavior:** think more about money; evaluate spending habits; share information with friends and family



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References Available in Handout