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Southwest Center for Economic Integrity

Kathleen Lalley, Lead Researcher & Kelly Griffith, Director

Photo Curtesy of Kelly Griffith

BUILDING FINANCIAL STRENGTH IN RURAL COMMUNITIES

Money Management Workshop Pilot Evaluation. A multi-year project funded by the Arizona Community Foundation to assess the financial needs in modest to low income areas in the Southwestern Region of the United States. This report evaluates the project's final phase to pioneer and test an alternative approach to teaching money management skills.

Money Management Workshop Evaluation

Background

The Southwest Center for Economic Integrity has been engaged in a multi-year project to understand and address the needs of low- and mid-income residents of rural areas for financial services. One outcome of the effort has been the development of an alternative approach to teaching people good money management practices. A workshop that delivers traditional financial literacy instruction in a support group setting was developed and has been pilot-tested at three sites. Research was undertaken to evaluate the pilot workshops and provide ideas for improvement for the next round of implementation. The workshops were conducted by the International Sonoran Desert Alliance in Ajo, AZ, the Pio Decimo Center in Tucson, AZ and Nogales Community Development in Nogales, AZ between April and December of 2013.

Evaluation Approach

Evaluation interviews were conducted with 20 participants shortly after their workshop ended. The evaluation interview was a one-hour one-on-one interview in which respondents talked about their experience in the workshop. They were asked to discuss what they learned, what worked well, what didn't work and what could be improved. They provided ratings on four scaled attributes[1]:

- **Overall experience** (1=negative; 10=positive)
- **How useful in everyday life** (1= not at all; 10=very good)
- **Use of my time** (1=waste of time; 10=very good use of time)
- **Amount covered** (1=too little; 5=right amount; 10=too much

Additionally, in an attempt to understand the potential long-term effect of the workshop, participants in Ajo were re-contacted one year after completing the workshop for a second interview.

Workshop Participants

Thirty-four people have completed the workshop in three locations. Participants were recruited differently at each of the locations. Participants in Ajo were required to take the workshop as part of ongoing apprenticeship programs. Pio Decimo participants responded to a flyer posted in the center and nearby sites or found out about the workshop through word of mouth. The workshop was open to men and women. Nogales participants responded to a flyer announcing the

[1] See appendix Workshop Ratings Sample

formation of a women's group "Mujeres Independientes." The workshop was conducted in Spanish.

Most of the participants were women (29 women, 5 men.) This gender difference was largely due to the method and place of recruitment. The Nogales group was all female by design. The Pio Center has a largely female clientele.

Prior to the start of the workshop, most participants were interviewed to gain an understanding of their needs and wants. In those interviews we learned that most were looking for help building basic financial management skills—managing cash flow, creating savings and managing credit. But they differed in their level of experience and skill, breaking into four groups:

- Young women who had no experience at all managing money—that was something their husbands took care of.
- Young people who were just starting out on their own and were managing their finances for the first time.
- People who have been working and/or raising children and who feel they have some skill in managing money, but know there is more they need to learn to reach their goals.
- People who are overwhelmed by financial problems and need help.

Retention

Thirty-nine people started the workshop and thirty-four competed it for a completion rate of 87%.

	Started	Dropped Out	Finished	Reason for Dropout
Ajo	8	1	7	Left apprenticeship program
Pio Decimo	12	4	8	1. Surgery 2. Work schedule change 3. Schedule conflict with another class 4. Too busy with work/family commitments
Nogales	19	0	19	
	39	5	34	

Learning From The Interviews—Initial Assessment

The overall response to the workshop was very positive. When asked to rate their experience, 90% gave the workshop a rating of 9 or 10 on a 10 point scale.

This overwhelmingly positive response was primarily due to three factors:

1. **The workshop focused on building practical skills that participants could use right away.**

   Participants were able to see, through the course of the eight weeks, that they were gaining control of their money. Exercises and assignments that required participants to record expenditures, assess wants and needs, put money aside and obtain their credit score had an immediate impact on their understanding of how money flows through their household and their ability to make wise decisions.

   The workshop used basic principles of financial literacy education—no new content was invented here. Each week focused on a new skill or concept and then gave the participants a week to practice it before going on to the next level. So they could see how the principle applied to their everyday life, creating a strong foundation to build the next skill upon. When asked to rate the workshop on its usefulness in everyday life, 9 out of 10 participants rated it an 8 or better. Over half rated it a 10.

   The workshop stayed focused on the basics—record keeping, prioritizing, saving, handling credit. Participants were happy with the amount of material that was covered, with two-thirds rating it “just right.” The rest were split on whether the material covered was “too much” or “too little.”

2. **Participants received emotional support from the group that strengthened their resolve to gain control of their money.**

   Money is not something many people are comfortable talking about. Social taboos, insecurity and embarrassment all prevent an open discussion of personal finances among friends. The group setting and participatory exercises of the workshop broke down that barrier, allowing participants to see that their issues were shared by others. They were able to learn from each other—sharing ideas and successes. Perhaps most importantly, they gained confidence in their ability to handle their family finances now and in the future.

   The group workshop approach allowed for a combination of rational and emotional exercises. The rational exercises (recording expenses, obtaining credit rating) gave participants an objective way to assess their situation. The emotionally-based exercises that involved role playing, deprivation and affirmation helped them deal with the intangible issues of prioritizing, making difficult choices and having confidence.

3. **The eight-week format gave participants time to practice and internalize the learning.**

   The workshop was a substantial time commitment for both the participants and the facilitators. But it made it possible for the material to be exposed in manageable increments, making it easier to absorb. Participants didn't feel rushed. But importantly, they didn't feel bored either. Nine out of ten participants rated the workshop 8 or above as "a good use of my time." No one thought it should be shorter. A few wished it had been a week or two longer. The Nogales group continued to meet after the workshop officially ended.

   The longer format gave participants more time to see how their cash flow really worked. Several had been keeping weekly records of expenditures. And on a weekly basis, they seemed to be doing just fine but it was only after seeing a monthly accounting that they could see issues that had not been evident to them before.

   The longer format also gave participants time to deal with issues that were emotionally troubling. One woman admitted it took her three weeks before she could make herself record her expenses—she simply couldn't face what she knew she would learn. Another women said it took her three weeks until she felt comfortable sharing her thoughts with the group.

One Year Later

The first workshop was completed in Ajo in June, 2013. Seven people completed that training. Interviews conducted right after the session ended indicated a high level of satisfaction with the experience. But often people are most positive about an experience just after it happens. So we wanted to see how participants felt about the workshop and, more importantly, if they were using the training in their everyday life, after time has passed.

In June of 2014 we were able to re-contact by telephone four of the seven people who participated in the Ajo workshop. We asked the participants how they feel about their current financial situation and if they are still using any of the learning from the workshop in their daily life. We also asked them what, as they look back on the experience, they think was helpful and what they think we should do differently.

All four of our participants feel good about their financial situation. All are free from debt, saving money, and living within their means. In each case they still use behaviors that they learned in the workshop.

- A young woman who went from totally uninvolved to very involved in her family's finances as a result of the workshop is still handling the family budget and bill paying. She also continues to put money aside in savings and is free from debt. As a result she was proud to be able to host a graduation party for her nieces that she paid for entirely from savings. She feels that the discipline of categorizing needs and wants, and recording expenditures is responsible for keeping her on track.

- A woman who had stopped smoking after seeing the cumulative cost of cigarettes from the workshop exercise of tracking monthly expenses is still not smoking. She continues to look at her monthly expenditures, having learned in the workshop that her previous practice of looking at weekly expenditures was not adequate. She continues the weekly saving habit begun in the workshop with the *tanda* (Veléz-Ibáñez, 2010) *(a tanda is an informal group savings/ no interest lending circle popular with in many recent immigrant populations – see appendix for definition and background)*—but she has doubled the amount she puts aside each week.

- A young man who had begun saving by buying I-tunes gift cards is continuing to save. He is now using a bank savings account. His assessment: "it's all about understanding wants and needs."

- A young man who came into the workshop with a disciplined approach to managing his money but was highly averse to credit is working on building his credit history so he can eventually start a business. He uses credit very thoughtfully, making sure that he is getting the benefit of a good credit score without taking any risks.

These participants look back on the experience as one that was valuable to them. They feel the sessions were a good use of their time. Three of the four would have liked the workshop sessions to continue for longer and cover more topics. They continue to feel that the workshop format worked well, providing both information and emotional support.

The exercises that our participants found most helpful in hindsight were wants and needs, monthly budgeting and the *tanda* [i]*(see appendix).* These exercises gave them tools they can always use, and created habits that continue to serve them well.

The credit session (which was revised after Ajo) was something of a missed opportunity. Credit is a difficult topic because it is complicated and creates anxiety in participants who are already experienced with or fearful of the problems credit can produce. We should continue to look for ways to present the credit sessions that demystify the topic and build confidence in the participants.

We found in our first post-workshop interviews that obtaining one's credit rating is more difficult than expected. In this round one of our participants reported that attempting to get her report has resulted in a flood of unwanted emails for credit solicitations that are still continuing. We need to find a safe and easy way for our participants to access a credit report.

Each of the participants would like to extend their financial training into more areas. Now that they are seeing savings accumulate they would like some ideas on how to make their money work for them. Additional sessions on investments would be welcome. Also several are thinking about starting a business and would like to attend another workshop on business planning and finance.

These conversations are very encouraging. The behaviors that were learned in the workshop have lasted and continue to benefit the participants. All have extended the learning and become more financially secure. And all exhibit increased confidence in their ability to manage their money.

Potential Long Term Effects

The interviews conducted directly after the workshops and one year later suggest that the behaviors learned in the sessions have a good chance of persisting because they are underpinned by a shift in perspective. We saw indications that participants were adopting ways of thinking that bode well for the future.

1. **Moving From Present to Future Focus**

   The combination of documenting cash flow and categorizing spending into wants and needs is instrumental in shifting awareness from the present to the future. Several of our participants came into the workshop with the habit of documenting all their expenses, but had never looked at their spending over a period of time. Others had never tracked their spending at all. Tracking cash flow over an extended period of time (at least a month) gave participants a more realistic understanding of where they stand financially and what they need to do to improve their situation.

Categorizing expenditures into wants and needs caused participants to question the wisdom of their spending choices. Participants could quickly recognize spending that on the surface seems inconsequential for example, a treat for grandkids, a snack at a convenience store or a pack of cigarettes has a cumulative effect and becomes a serious drag on income when placed in the context of a monthly budget.

2. Empowering Women

Several of our participants had not been involved in their family finances prior to the workshop--their husbands managed the money. They came into the workshop with very little confidence in their ability to manage money or interest in trying. In the course of the workshop they developed confidence in their own skills and by the end were taking more control.

Other women are taking on the role of teacher in their family. They found that by sharing their learning with husbands and children, the whole family benefited.

3. Personalized Implementation

Because the workshop encourages people to share their approaches to money, it quickly becomes clear that there is no one “right way” to do things. They learn that there are often several ways to solve a problem, and they can adopt the one that best fits their needs. This is particularly evident in the idiosyncratic approach participants have taken to saving money.

A primary goal of this, and any, financial training is to increase savings. And the generally accepted measure of success is opening a savings account. However, we found that many of our workshop participants had started saving as a result of their experience, but without using the traditional device of a savings account. They have devised savings schemes that fit their needs and provide rewards that are relevant to them. Examples include putting change in water bottles, putting cash in envelopes and leaving it home when going shopping, buying I-Tunes gift cards to save for a music program, riding a bike and putting the money that would have spent on gas in a drawer. The important learning is that we need to look beyond traditional measures of success and instead encourage any method that works.

Fine Tuning the Workshop

Several ideas for improving the workshop came out of these interviews:

1. Ground rules are essential and must be enforced to ensure group cohesion.
2. Money is a difficult topic and so language issues are magnified. The workshop should be in the participants' first language.
3. We should find ways to add more visual elements. The current materials are mostly verbal.
4. Participant diversity helps because that means there are a wide variety of experiences that add to group learning as a whole. Young people learned from older ones. Older people enjoyed mentoring younger ones. People who were overwhelmed by their financial situation learned from people who were more in control. The in-control people gained confidence from sharing their journey with others.
5. Tracking expenditures is a fundamental building block and it can be difficult for some people. So encouragement is needed. Analyzing expenditures on a monthly, not weekly, basis is essential to see a complete picture.
6. Credit is a big, hairy topic. It is difficult to understand and people often have misinformation. We should consider expanding the time spent on credit and find ways to get any incorrect information out in the open so it can be dealt with.
7. We need an easy and safe way for participants to get their credit score
8. Having a savings device like the *tanda*, or e-money pool account that is implemented during the workshop is critical to creating an immediate savings success.

Workshop Stories

1. Karen is a 48 year old single woman. She lives paycheck to paycheck and feels that some weeks are good, others aren't but it all pretty much balances out. She wants to learn to save so she can start to build a nest egg for retirement.

   Completing a monthly budget showed her that living paycheck to paycheck disguised the fact that her expenses regularly exceed her income and so she was consistently falling behind. Working out her monthly expenses cause her to realize she needs to get a second job to stay above water.

2. Allie is a young wife and mother. She had never taken an interest in her family finances, which were handled entirely by her husband. Since she did not know anything about the family's money her impulse was to just spend it. She thought her husband was being cheap when he objected.

   Taking the workshop opened Allie's eyes to the true state of her family's finances. Creating the monthly cash flow showed her exactly what their income is and how the money is spent. She learned that her husband had been putting money aside in savings accounts for her and her child. This made her realize that her husband wasn't just being cheap when he limited their expenses to necessities. Now she is interested in participating in the management of their money and has taken responsibility for paying the bills. While she still thinks her husband is a bit stingy, now that she is involved in spending decisions she doesn't have the same interest in buying impulsively.

3. Andy is a 24 year old single man living on his own for the first time. His expenses are low and he generally spends money when he has it and does without when he doesn't have it. He particularly likes clothes and will often spend his whole paycheck on a clothes shopping spree.

   Tracking his spending on wants and needs showed him that he regularly stops at a convenience store for snacks when biking to work and that he doesn't really want the snacks, it is just a habit. So he has changed his bike route to avoid the c-store. To limit his clothes spending he is putting a portion of his pay in an envelope every week and taking only the envelope with him when he goes clothes shopping, leaving the rest of his money at home.

4. Kerry is a 50 year old woman who is starting over after a divorce and job loss. She is very conservative, managing her money carefully and putting $25 in a savings account every week. She carefully monitors her checkbook balance to make sure there are no overdrafts.

While Kerry checks her bank balance on a daily basis, she had not looked at it over time. Keeping a monthly record of cash flow showed her how much money she spends on cigarettes (the quintessential present-focused activity). As a result, she quit smoking.

5. Will is a 21 year old man living on his own for the first time. He thinks he is doing ok managing his money, which surprises him since his family has money trouble due to gambling. He is a musician and would like to be able to buy equipment, but has not been able to save to do this.

   Tracking wants and needs showed Will that he is doing very well at managing his money, giving him confidence. But he also saw that he was spending money on movies and music. He realized that if he took some of the money he used on small music purchases and saved it he would be able to reach his larger goal of buying a special music program. He developed a way of saving—buying a $25 I-Tunes gift card with every paycheck—which he will eventually use to purchase the program.

6. John is a young man enrolled in a construction apprentice program and intends to start an electrician business with his family. He is very self-disciplined and keeps a tight rein on his finances—a practice he learned from his family. He was very skeptical of credit, feeling that it only creates problems.

   The credit section of the workshop convinced John that even though he does not need or want to use credit for his current expenses, he will need to build a credit record if he is going to achieve his future business goals. He has applied for and received his first credit card.

7. Isabel is a young wife recently arrived from Mexico. She does not work outside the home. Her husband makes the financial decisions and she worries about his “live for today” approach. She would like to buy a house but her husband says it is not possible since they don’t have any savings.

   Tracking wants and needs showed Isabel that she is spending more money than she realized on impulse shopping and transportation. She realized that if she stopped driving and rode her bike or took the bus instead of using her car when she does errands she would save money and she would be less inclined to stop in stores along the way or buy products that would be difficult to carry home. (As an added benefit she has lost weight.) She hides the money she saves in a drawer and plans to use it to show her husband that if they work at it, they can save for a house.

8. Sarah is a grandmother who realizes that she needs to repair her credit and feels she can't save money. Her grandchildren are the focus of her life and her spending—she hates to say "no" to them.

   Tracking wants and needs made Sarah rethink her approach to her grandchildren. She realized that the money she spends on them is a "want" for her and definitely not a "need" for them. She decided to save money by taking all the change she accumulates during the day and putting it in a large jug. She has involved the grandchildren in this project and now they are all working toward saving enough money for a vacation. Having the jug visible and watching it fill up is an important incentive to keep saving.

9. Maria is a single mother with two children in college. In her pre-interview she was very distraught, feeling overwhelmed by her financial problems and guilty that she could not provide enough for her children. Her response to the workshop was that "it gave me my life back." She felt that the facilitators and the exercises "taught us how to think." But the group played an equally important role by showing how individuals applied the learning to their own lives, giving her confidence that she could too. For Maria the content gave her the tools to improve her life, but the group gave her the energy and confidence to actually do it.

10. Clara is a married woman with two children. Categorizing her spending into wants and needs made her realize that she and her husband spent money "in the moment" rather than thinking about their overall spending. When her husband said he was going to buy a new TV, she introduced him to the idea of wants and needs, and he decided they really didn't need it. Now they talk about what they will spend their money on, making joint decisions based on needs.

11. Alva came into the group feeling fairly confident about her ability to manage money. But being in the group made her realize that she never talked about money, and particularly money troubles, with her friends. She found that she loved the openness of the group and that there was so much she could learn from other women like herself. She was particularly intrigued by the many different ways people found to make extra money. She came away with several entrepreneurial ideas that she is going to explore.

[ii] Appendix Wikipedia definition and Explanation of Tanda group lending circle