



Asset Formation Initiative

ACHIEVING GREATER FINANCIAL STABILITY

**THE ROLE OF THE EARNED INCOME TAX CREDIT AND
FINANCIAL EDUCATION IN ADVANCING THE ASSET FORMATION
EFFORTS OF COMMUNITY ACTION AGENCIES**

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EXECUTIVE SUMMARY

In 2006, MASSCAP (Massachusetts Association for Community Action) set as its goal the expansion of asset formation opportunities for low-income people in Massachusetts through a coordinated and assertive strategy involving Community Action Agencies (CAAs) and academic research and public sector partners. The initiative capitalizes on the unique positioning of CAAs to engage in asset formation efforts through various programs and services due to their presence in low-income communities across the state and their long-standing mission to alleviate poverty.

The emerging focus on the importance of alleviating poverty through sustained financial stability has highlighted the role that building assets has in the lives of low-income families along with those of all Americans. Assets are a combination of resources that enable people to take control of their lives and participate in society in meaningful ways. While income is what families use to cover daily living expenses, assets are what families use to move ahead when they are leveraged for education, small business investment, homeownership and development of social networks and community, and to transfer opportunity to the next generation.

MASSCAP views the combined services of free tax preparation and basic financial education as the two most critical building blocks in an asset formation and retention strategy. With the support of grants to MASSCAP from The Boston Foundation for 2007 and 2008, Brandeis University's Institute on Assets and Social Policy conducted research to guide implementation of these asset formation programs at CAAs and other community-based organizations.

In 2007 and 2008, Earned Income Tax Credit (EITC) recipients were surveyed at the time of tax preparation and again about three months later. The Institute's two-year study of EITC recipients at CAAs offering free tax preparation services found that:

- EITC tax filers at these sites most commonly used the tax refund to cover everyday expenses, but it was also frequently used to pay off debt which looms large for many.
- While about two-thirds of recipients intended to save some of their tax refund, only about half that number reported actually being able to do so due to unanticipated expenses or the pressure of debt.
- For those who did save, the most frequent goals were to buy or repair a vehicle and for education for their children or themselves.

Similarly, participants enrolled in financial education programs completed a baseline survey at the beginning of the program and a follow-up survey six to nine months after program completion. Participation in the follow-up survey was primarily limited to those engaged in the Individual Development Account (IDA) program, but among these individuals several significant findings emerged:

- Participants consistently reported positive changes in their confidence regarding several core areas of financial literacy, including money management, financial goal-setting, appropriate use of banks and credit unions, recognizing and avoiding dangerous loans, and utilizing public benefits.
- All participants reported a reduction in their personal debt.
- Virtually all participants (97%) began saving for an asset, about half of whom had initially reported that they do not save regularly.

Recommendations for Program Development and Integration

The findings of the surveys, along with discussions and interviews of program directors and interviews and focus groups of program participants, contributed to formulation of recommendations for program development and integration of asset formation into services at CAAs and other community-based organizations. The following are recommendations to advance asset formation by fully capitalizing on the benefits of the EITC and financial education:

1. Meet with constituent groups prior to the tax season (e.g. Head Start parents) to aid them in establishing long term financial goals and planning for receipt of the tax refund.
2. Offer free tax preparation days at program sites such as Head Start, the local Housing Authority and English for Speakers of Other Languages classes.
3. Incorporate completion of tax forms into the financial education classes offered during tax season.
4. Provide cross training to intake workers and station them at Volunteer Income Tax Assistance or VITA sites so tax filers can apply for or be referred to other services for which they are eligible.
5. Link tax preparation to financial education by having a financial counselor at the VITA site to meet one-on-one to help tax filers develop a budgeting plan or check their credit report.
6. Offer general financial education class(es) right before and/or right after tax season so participants are prepared to maximize the benefit of their tax refund.
7. Arm housing assistance advocates, fuel assistance intake workers, and CAA staff who provide case management services with financial education tools so they are prepared to take advantage of “teachable moments”.
8. Offer rotating series of customized financial education sessions in stand-alone modules geared to the immediate needs of CAA clients.
9. Integrate customized financial education into curriculum for English for Speakers of Other Languages and Adult Basic Education participants and participants in job skills training programs.

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INTRODUCTION

The Initiative

In 2006, MASSCAP (Massachusetts Association for Community Action) implemented a three-year plan to expand asset formation opportunities for low-income people in Massachusetts through a coordinated and assertive strategy involving Community Action Agencies (CAAs) and various local, state, private sector and federal partners. MASSCAP believes that expanding the capacity of the state's CAAs to provide asset formation services is critical to more effectively help low-income people attain sustainable economic self-sufficiency. The goal of MASSCAP's Asset Formation Initiative is to provide un-served or underserved areas of the state with new asset formation services by helping CAAs to launch new programs or to significantly expand existing ones. MASSCAP's approach to meet this goal is based on a model that offers a continuum of asset formation services, with free tax preparation services and financial literacy education (FLE) at its core.

Grants from The Boston Foundation to MASSCAP in 2007 and 2008 provided the critical training, evaluation and coordination components of the Asset Formation Initiative. Brandeis University's Institute on Assets and Social Policy (IASP), a leading research center in the asset field, was the research and evaluation partner for the initiative. The Institute's work builds on an understanding that assets play a unique role in poverty reduction by providing a foundation for financial stability and economic mobility.

Community Action Agencies across the state are uniquely positioned to engage in asset formation efforts through various programs and services, given their presence in low-income communities. In recent years, some of the state's CAAs developed various services related to asset formation, with the most common being free tax preparation assistance. While several CAAs had such programs, their impact has been concentrated in the major cities such as Boston and Springfield, and a few scattered sites across the state. Fewer CAAs offered financial education programs, and typically those programs were restricted to participants in Individual Development Account (IDA) matched savings programs. Through this initiative MASSCAP has successfully aided all 24 CAAs across the state in launching or expanding asset formation services and further integrating these services into other agency program offerings.

Need and Challenge

Since 2000, the official poverty rate in Massachusetts had declined slightly then risen again with the rate for 2007 at 9.9% or 621,000 poor people.¹ The percent of children in poverty has fluctuated from 12% to 14% since 1998 and currently is at 13% or approximately 182,000 poor children. The percent is much higher for certain minority groups with 40% of Latino and 28% of African American children living in poverty.² Meanwhile, Massachusetts has the fourth largest income disparity in the nation. This

phenomenon continues to rapidly increase, primarily due to stagnating wages for those at the bottom of the wage scale, while incomes for the top 5% have almost doubled over the last two decades.³

The stagnation in wages is made worse by the state's high cost of living. For example, housing costs rose steeply in Massachusetts between 2000 and 2005, outpacing income growth for both renters and owners. The rental market is the fifth most expensive in the country with almost half of renters paying more than 30% of their income for housing in 2005/2006. For homeowners with mortgages, the state ranked third most expensive in the nation in 2005 in terms of monthly expenses, with one-third paying 30% or more of their income for housing.⁴ After rising sharply in the first half of this decade, housing costs have fallen in the last few years, but this decline has been offset by rising food and utility costs.

Focus on the importance of sustaining financial stability has highlighted the issue of asset poverty. Over half of all Massachusetts families do not have an asset safety net as defined by asset development research; that is sufficient resources to maintain their households for three months of essential (and reduced) living expenses if wage income is lost. Further, for African American and Latino families, asset poverty characterizes a large majority of their community.⁵

IASP examined the asset profile of very low and low-income Massachusetts households in a study for the Massachusetts Asset Development Commission. Using U.S. Census data, IASP found that among very low-income (under \$22,000) households, the financial asset base is very weak, with little or no safety net.⁶ Typically, this population is employed serving food, washing dishes, caring for others' children, selling goods, and as cashiers. Work may be intermittent and their financial status may be such that at times they experience housing insecurity, even homelessness. The picture is improved slightly for low-income households (between \$22,000 and 37,000). While almost half own their own homes and have nominal net financial assets,⁷ this provides virtually no safety net to tide them over in the case of a personal or health crisis, or layoff. This group is typically employed in such occupations as service representative, janitor, wait person, and office clerk. They live on the margins of income poverty and, for all practical purposes, are asset-poor.

Assets are a combination of resources that enable people to take control of their lives and participate in society in meaningful ways.

Importance of Asset Formation

Assets are a combination of resources that enable people to take control of their lives and participate in society in meaningful ways. Assets are investments in various forms that hold value over time. They include financial resources (e.g. savings, 401k accounts, individual retirement accounts, equities), material possessions that have monetary value (e.g. a house, an automobile, or a small business), and investments in non-tangible assets (e.g. such as education, training, and development of social networks). Families need

both income and assets to be economically secure. While income is what families use to cover daily living expenses (often along with credit), assets are what families use to move ahead directly and by leveraging those assets for education, small business investment, and development of networks and community, and to transfer opportunity to the next generation.⁸

Building assets strengthens families and communities. Assets contribute to an improved future orientation by increasing individuals' confidence in their abilities to save and intentions to save which promote longer-term investments and more careful planning of resources.⁹ Children achieve better in school, there is greater civic engagement in communities, increased security in retirement, and decreased family violence in low-income families accumulating assets.¹⁰ Asset-holding appears to have positive effects on individuals' physical and mental health by helping individuals manage unanticipated health costs and encouraging them to seek diagnoses and treatment and by reducing stress that can bring on, or exacerbate, health issues.

Role of Earned Income Tax Credit in Asset Formation

Since its introduction in 1975, the Earned Income Tax Credit (EITC) has helped lift working families out of poverty by offsetting payroll taxes and reducing income taxes to workers earning the lowest wages. The EITC encourages low-income individuals to work while helping some of the poorest families escape the hardships of poverty. For many low-income families, the EITC can be a key starting point in building assets.

Overall, the EITC has been very effective. Nationally, the EITC lifts about 4.4 million people out of poverty each year, half of whom are children.¹¹ Federal EITC payments are indexed to inflation as well as household size and income and are refundable. A "refundable" tax is one that if the family's income tax liability is less than the amount of the credit, the difference is paid out as a tax refund. The maximum federal EITC benefit for the 2008 tax year was \$4,824 for families with two or more children or as much as 40 cents for each dollar earned. Families with one child received a maximum benefit of \$2,917 and households with no children received a maximum benefit of \$438. Single-parent families with two or more children were eligible for the EITC until their income exceeded \$38,646, for married couples the income limit was \$41,646. The top income levels for families with one or no children are comparable.¹²

For many low-income families, the EITC can be a key starting point in building assets.

The success of the federal EITC in supporting work and reducing poverty has led the District of Columbia and 23 states, including Massachusetts, to enact a state EITC.¹³ Massachusetts' state EITC is at 15% of the federal tax credit and is also refundable. In addition to reducing poverty and supporting work, the EITC also has a role in stimulating the state economy with an infusion of federal funds. The federal EITC brought over \$500 million into the Massachusetts economy in 2008. The state EITC results in another \$7.8

million that low and moderate income families used to pay off debt, make purchases, or save.¹⁴

In Massachusetts it is estimated that 13% of eligible taxpayers are not receiving the EITC with between \$45 and 60 million going unclaimed by about 45,000 taxpayers.^{15 16} Many of the eligible households not receiving their tax credit face language barriers, geographic isolation or have limited financial literacy regarding benefits. They are the focus of extensive efforts to increase awareness of the EITC.

The IRS assists community-based organizations to establish Volunteer Income Tax Assistance or VITA centers to provide free services for EITC filers. This program builds agency capacity and saves tax filers money that would otherwise go toward tax preparation fees. Today all 24 CAAs operate VITA centers. In the 2008 tax year, over 300,000 Massachusetts tax filers received the EITC, but just over 5% of these filers took advantage of the VITA center services.¹⁷ Approximately two-thirds of EITC recipients accessed paid preparers. With a typical fee of \$120 for tax preparation services, these low wage workers paid almost \$24 million out of their pockets.¹⁸

Role of Financial Education in Asset Formation

In order to develop and use financial assets to build economic security, individuals need financial literacy - the ability to understand financial information, utilize financial tools, and make informed financial decisions. Financial education programs have therefore become a core asset development program for low-income families. These programs empower families to save for, acquire, and protect their assets by developing knowledge and skills to make informed decisions and to maximize limited resources and opportunities. On a day-to-day level, this strategy will help families create household budgets, manage debt and credit problems, access mainstream financial services, utilize public benefit programs, and avoid money traps.

Financial education empowers families to save and protect their assets by developing knowledge and skills to make informed decisions and to maximize limited resources and opportunities.

Individuals with low levels of financial literacy are at a significant disadvantage when utilizing the financial industry. This dynamic is self-reinforcing for low-income individuals because they disproportionately lack access to appropriate financial products and services, generally do not have the same opportunities to develop financial skills, and therefore suffer as a consequence of not having those skills.¹⁹ As a result, low-income people disproportionately rely on high cost financial services that do not provide opportunities to build assets.²⁰

Research on the effectiveness of financial education for low-income populations is still limited and mostly tied to participation in Individual Development Account (IDA)

programs.²¹ This research shows that, by coupling financial education with the right incentives and opportunities, low-income people can plan for the future, make the decision to save, and acquire assets, despite their limited resources.²² The most effective financial education programs are experience-based and tailored to the specific needs and interests of the target population.²³ They take advantage of “teachable moments”, opportunities when individuals are making financial decisions. Because of their relationships with their constituents, CAAs are well-positioned to provide a supportive, experienced-based, informal learning environment that empowers participants to understand and address their financial situation.

Methodology

Without the modest disposable income that EITC can provide and basic financial literacy, avenues to other asset formation opportunities most likely will be blocked. Thus, MASSCAP views the combined services of free tax preparation and basic financial education as the two most critical building blocks in any asset formation and retention strategy.

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Through the grants to MASSCAP from The Boston Foundation for 2007 and 2008, Brandeis University's Institute on Assets and Social Policy (IASP) conducted research to guide implementation of these asset formation programs and to advance integration of these services into the entire CAAs service delivery system.

IASP designed surveys to be administered to EITC participants at ten CAA tax sites in 2007 and seven sites in 2008. In 2007, at four “intense” study sites, IASP conducted follow-up surveys for tax site clients and interviews with Executive and Program Directors. In 2008, follow-up survey data was gathered from participants at three sites, interviews of program participants were conducted at two sites, and Executive and Program Directors were interviewed at four sites. For clients enrolled in financial education programs, IASP conducted a baseline survey at the beginning of the program and a follow-up survey six to nine months after program completion at eight sites. In addition to the surveys, qualitative data was gathered through interviews and focus groups with agency staff and clients to complement the quantitative survey data.²⁴

IASP also designed and delivered several trainings to CAA staff and administrators on the unique role of CAAs in asset formation, focusing on staff opportunities to use teachable moments and create linkages to asset formation programs, and on the role of EITC and financial education as a gateway to other asset formation services.

EITC RECIPIENTS: FINANCIAL BEHAVIOR AND OUTCOMES

The overall purpose of the surveys of EITC recipients was to: (1) identify their demographics; (2) describe their financial patterns and behaviors; and (3) guide program development. The Institute's two-year study of EITC recipients at CAAs offering free tax preparation services found that tax filers at these sites most commonly used the tax refund to cover everyday expenses, but it was also frequently used to pay off debt which looms large for many. While about two-thirds of recipients intended to save some of their tax refund, only about half that number reported actually being able to do so due to unanticipated expenses or the pressure of debt. For those who did save, the most frequent goals were to buy or repair a vehicle and for education for their children or themselves.²⁵

Demographic Profile

The demographic profile of EITC recipients completing the surveys in 2007 and 2008 was similar to the general population receiving CAA services. The EITC recipients were predominantly female, relatively young, and single parents. In 2008, 63% of the 392 people who completed the survey were 18-44 years of age and only 14% were 55 and over; three-quarters were female and almost half were single parent households. Ethnicity and race was also similar to the general population served by the CAAs in both 2007 and 2008. In 2008, 73% of the survey respondents were White, 10% African American, and 21% were Hispanic (any race). These EITC recipients reported lower levels of education than the general population in Massachusetts. While almost half of the workforce in Massachusetts has an Associate's degree or higher, only 27% of these 2008 EITC recipients did and 13% lacked a high school diploma or GED. (See Appendices B and C for further 2007 and 2008 demographic data.)

Although eligibility for EITC can exceed \$40,000 for two-parent households with two or more children, the households completing the survey in 2008 had significantly lower incomes and many received some type of public assistance. Two-thirds had an annual income under \$20,000. Over half of those who rented received housing assistance at the time they completed the survey; 11% had unstable housing arrangements. (See Tables 1 and 2.) Almost one-third received food stamps.²⁶ While eligibility for EITC is most commonly acquired through income from wages, many recipients do not have steady, full-time employment. In 2008, the employment status at the time of completing the survey was roughly equally divided between those employed full-time, those employed part-time, and those unemployed. (See Appendix D.)

Table 1: Income, EITC 2008 Survey Respondents

Annual Income	Percent
\$0-9,999	32.8
\$10-19,999	33.6
\$20-29,999	21.6
\$30,000 and over	9.3

Table 2: Housing Type, EITC 2008 Survey Respondents

Housing Type	Percent
Rent, no subsidy	35.1
Rent, with subsidy	37.1
Own home	12.4
Staying with family or friends	9.0
Homeless	2.3
Other	4.1

Use of Financial Services

To better understand the use of financial services by these households, the 2008 survey asked EITC recipients several related questions. Respondents appear to be “banked” at a rate similar to VITA center users nationally. Eighteen reported having no checking or savings account; nationally, 81% of households reported having a bank account.²⁷ As was also found in the national survey, those who are unbanked have significantly lower income than respondents overall with 69% reporting an annual income under \$10,000.²⁸ Those who have no checking or savings account cite several reasons, the most common of which (33%) is mismanagement of a bank account in the past. Even though 82% of respondents reported having bank accounts, only 6% of respondents reported going to their bank or credit union when they needed extra money to pay bills; more commonly they turned to family or friends (52%) or used their credit card (20%) for extra money. (See Tables 3 and 4.)

Table 3: Reasons for Being Unbanked, EITC 2008 Survey Respondents

Reason not have bank account	Percent
Hard time managing account in past	33.3
Don't like or trust banks	11.6
Don't think qualify for an account	10.1
Having an account cost too much	7.2
No bank or credit union near me	4.3

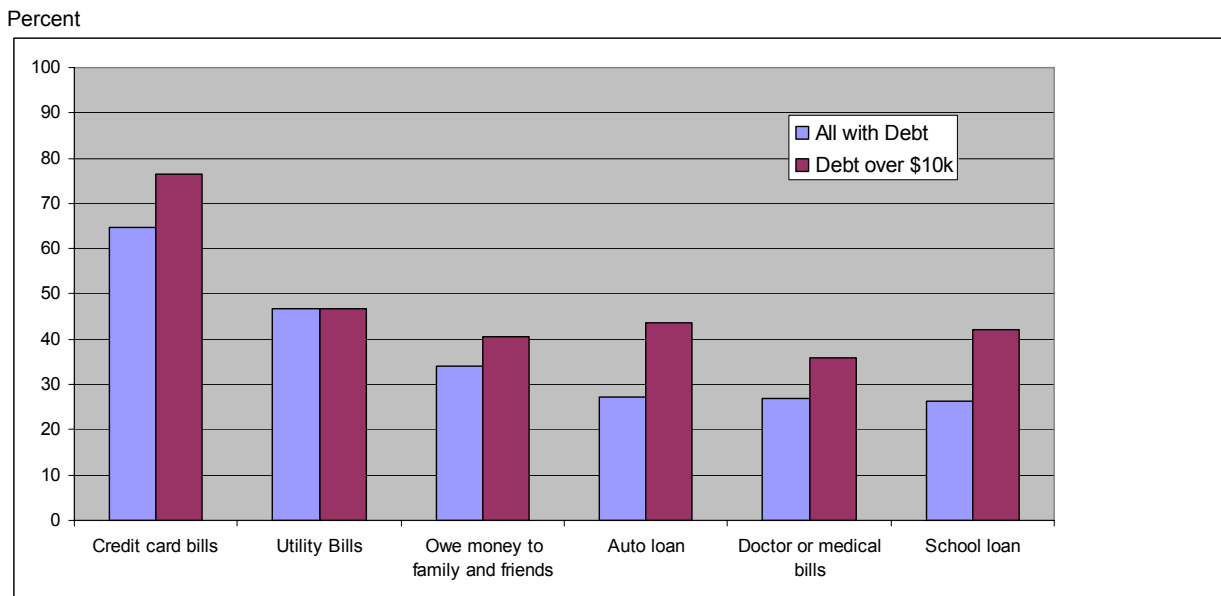
Table 4: Source of Extra Money, EITC 2008 Survey Respondents

Where get extra money, if needed	Percent
Friends or family	52.3
Credit card	20.4
Bank or credit union	6.4
Payday lender	1.5

Source and Amount of Debt

Many low-income families across the country owe a significant amount of money in relationship to their income, and this is also true for EITC recipients responding to the surveys. Nationally, 27% of families with income in the bottom fifth have debt greater than 40% of their income.²⁹ While data gathered through this survey does not permit a similar calculation, it is known that three-quarters of survey respondents in both 2007 and 2008 have debt other than a mortgage. As was noted above, two-thirds reported income under \$20,000 while almost half of those who owe money reported having debt greater than \$5,000 and 23% reported owing over \$10,000. The most frequent sources of debt were credit card bills and utility bills as people struggle to meet their daily living expenses. Among those who owe more than \$10,000, significantly greater numbers have debt attributable to auto and school loans. (See Table 5.)

Table 5: Source of Debt, EITC 2008 Survey Respondents



Expenditures from Tax Refund and Economic Stimulus Rebate

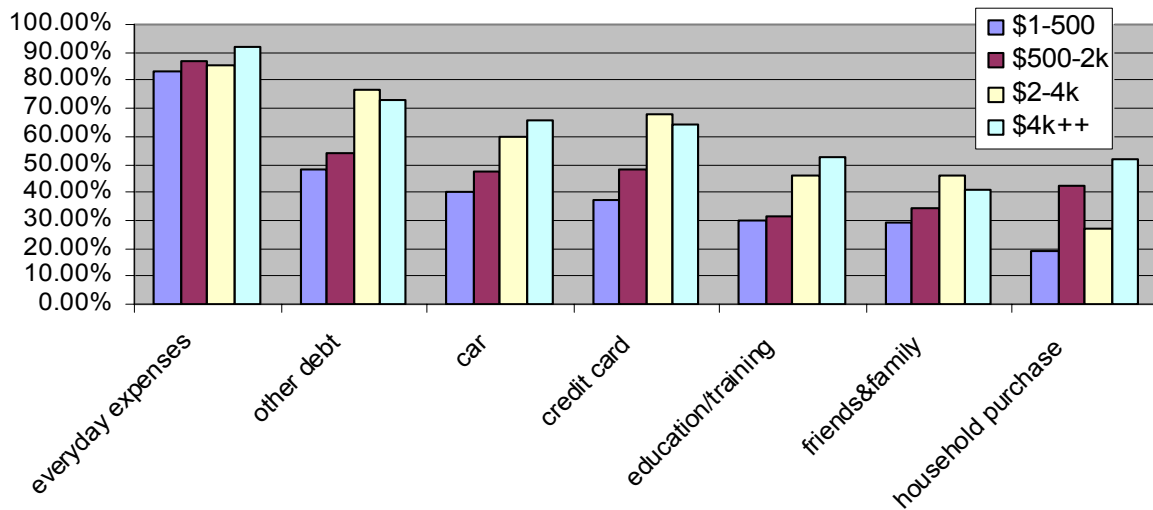
Interviews of EITC recipients indicated that many anticipate and plan for their tax refund each year. When recipients were asked how they plan to use their 2008 refund, they reported a desire to spend it many different ways, but almost everyone anticipated needing to use some for everyday expenses. The next highest anticipated uses were non-credit card debt (including utility bills), credit card debt, and to buy or repair a vehicle. The intent to use the refund for everyday expenses was equally as high regardless of the amount of anticipated refund, but planned use for other purposes markedly diminished as the amount of refund decreased. When respondents were asked how they used their

refund in 2007, they reported not being able to spend the funds over as many uses as planned for 2008. (See Tables 6 and 7.)

Table 6: Planned Use of Tax Refund, EITC 2008 Survey Respondents

Use of refund	Percent (2008 planned)	Percent (2007 actual)
Everyday expenses	86.7	77.3
Non-credit card debt	64.2	53.5
Credit card debt	55.9	38.3
Buy or repair vehicle	54.3	33.6
Education or job training	39.9	19.9
Help family or friends in need	37.9	26.5
Major household purchase	35.9	17.2

Table 7: Planned Use of Tax Refund by Amount, EITC 2008 Survey Respondents



EITC recipients at three CAA VITA centers were asked to participate in follow-up surveys conducted from three to six months after receipt of the tax refund. During this timeframe many tax filers in 2008 also received the federal Stimulus Rebate as a result of the passage of the Economic Stimulus Act of 2008. Although the 90 follow-up survey respondents reported the same priority uses of their tax refund, their actual use was less frequent than earlier surveyed 2008 planned use and reported use of the 2007 tax refund. One possible reason may be that higher costs than anticipated resulted in funds not going as far as planned. Another reason may be that publicity surrounding the Stimulus Rebate heightened awareness that the household would be in receipt of another significant payment so these could be used together to cover the economic needs of the household.

It is interesting to note that although one intended use of the Economic Stimulus Rebate was to aid the economy by making it possible for households to make major purchases, more such purchases were reported being made with the EITC tax refund (9.5%) than the rebate (7.6%). (See Table 8.)

Table 8: Use of Tax Refund and Stimulus Rebate, EITC 2008 Follow-up Survey Respondents

Actual use of tax refund and Stimulus Rebate	Percent (tax refund)	Percent (Stimulus Rebate)
Everyday expenses	51.2	48.1
Non-credit card debt	35.7	31.6
Credit card debt	22.6	21.5
Buy or repair vehicle	20.2	13.9
Major household purchase	9.5	7.6
Education or job training	8.3	6.3
Help family or friends in need	7.1	5.1

Saving Portion of Tax Refund

In addition to viewing the receipt of the EITC tax credit as an opportunity to get on top of everyday expenses and pay off debt, many recipients also intend to save some of their refund to use towards an asset. In 2008, two-thirds of EITC recipients responding to the survey reported that they planned to save some of their refund although only one-third reported saving a portion of last year's refund.³⁰ The most common item for which they intended to save was to buy or repair a vehicle (26.5%). Interviews with EITC recipients reveal that having a reliable vehicle is regarded as necessary to maintain employment or to seek better employment. The next most frequent savings goals were education for one's children (12.6%) or one's self (12.2%), thus investing in future potential to advance in the workforce. Fewer households anticipated using funds placed in savings for financial assets such as home purchase or repair or a retirement fund. (See Table 9.)

Table 9: Intent of Planned Savings of Tax Refund, EITC 2008 Survey Respondents

Items for which plan to save	Percent
Buy or repair a vehicle	26.5
Education for children	12.6
Education for self	12.2
Major household purchase	8.3
Purchase home	7.8
Home repair	5.7
Retirement	4.8

In the follow-up survey, respondents were asked if they actually saved any of their tax refund or the Stimulus Rebate. One-third reported saving some of the tax refund, less than half the number who planned to save; one-fifth reported saving some of the Stimulus Rebate. Thirty-seven percent reported saving some from either source. This compares to 40.5% of these households who reported saving some of the tax refund last year. This suggests that even the combined tax refund and Stimulus Rebate was not sufficient for these families to save at the same rate as last year. (See Appendix D.)

When asked if their use of either of these funds differed from their plans, many responded that everyday or unplanned expenses such as car repair, interfered with planned savings goals.³¹ Most respondents (82%) said they would like to save more next year and were pragmatic about what would help them reach their savings goal, volunteering such items as a better job, less debt, and fewer emergencies. Although, some respondents did identify financial education (17%) and debt counseling (14%) as aids to reach savings goals, it appears that more effort is needed to promote the value of these programs and to demonstrate their ability to enhance financial stability and asset formation. (See Table 10.)

Table 10: Aid in Reaching Savings Goal, EITC 2008 Follow-up Survey Respondents

What help to reach savings goal	Percent
Financial education classes ahead of time to help plan	16.7
Debt counseling to manage payments	14.4
Savings club for support	8.9
Other: Better job/more income Less debt & fewer emergencies	48.9

Voices of EITC Recipients

“I am self-employed. The EITC makes it possible to buy supplies and to renew my driver’s license which is important to grow my business and provide a better future for my daughter.”

“I typically have been using the EITC to pay bills for utilities, phone, rent, etc. In the financial education class, I learned to plan to use it for something specific to get ahead, not just paying bills.”

“Last year I sent some of my refund to my mother in the Dominican Republic and bought some living room furniture and the rest went to paying bills. This year I want to save so my boys can go to college.”

“I used my refund to make my last car payment and to put money into an account for each of my children. I tell my children that when I work, I save money for them.”

Voices of EITC Recipients con't

"I use my refund for overdue utility bills and to buy Christmas gifts. We don't celebrate the gift giving part of Christmas until I receive the tax refund."

"My daughter gets mad because I am saving for her education as she would like to take a vacation instead, but my daughter going to college is the most important of all."

"If the EITC went away, I would be less interested in working. It is like a gift for working."

"It is a great relief to be able to pay bills and know you won't receive threatening calls about shutting off the gas or phone."

"My attitude is very different when I don't have to worry about bills. I am less depressed."

From interviews conducted by Julie Munro, Heller School Ph.D. Candidate, Brandeis University

BEST PRACTICES FOR VITA CENTERS

Satisfaction with VITA Center Services and Enhancing the Experience

The responses to questions pertaining to satisfaction with the CAAs' VITA center services was overwhelmingly positive with 96 to 99% strongly agreeing/agreeing with positive statements about services in both 2007 and 2008. As most of the CAAs participating in the study first operated VITA centers in 2007, it appears that the availability of the services resulted in a significant increase in the number of households accessing free tax preparation services. In both 2007 and 2008, three-quarters of respondents reported receiving help in the prior year with preparing their taxes. However, in 2006 roughly the same number had paid for services as had received free services; while in 2007, only 38% had paid for these services and 62% had free assistance. (See Appendix xxx)

Building on EITC recipients' satisfaction with the tax preparation service at the VITA centers, CAAs are seeking to increase the numbers served and to leverage the tax preparation moment as an opportunity to introduce participants to other services and training that will aid asset formation. Tax preparers are frequently perceived as financial experts and it is a time that people are inclined to discuss their financial situation and may be open to commit to participate in financial education opportunities. So in addition to employing measures to increase efficiency of operations, the CAAs have begun to adopt practices at the VITA centers aimed at:

Creating an asset formation environment

- Have discussions with tax preparers outside of tax season to introduce them to the goals of asset formation so they are ready to capitalize on opportunities.

- Overstaff so volunteers or staff do not have to hurry and can spend the time to build relationships.
- Encourage observation of different strategies of how people are using their refunds; watch for signs of credit or money management problems.
- Do not ignore the financial information that comes up; instead be prepared to offer helpful information about resources, or to urge people to participate in financial education opportunities offered on site or in the future.

Increasing access to other agency resources

- Provide introductory training and handouts to volunteers on agency services and accessing other public benefits such as health care coverage.
- Have a lead staff person on site or on call who possesses comprehensive knowledge of agency's services.
- Or as an alternative, use CAA staff to prepare tax returns so that they can answer questions and provide additional services such as processing food stamp or fuel assistance applications online.
- Have written materials or video on agency and/or other resources available to those waiting in line.

Vision of VITA Centers' Asset Formation Role

With only 5% of EITC filers using free tax clinics, it is extremely important to increase the awareness of this service and the capacity of VITA sites to engage more tax filers. Also, many VITA sites want to use the focus on finances during the tax preparation process to create a teachable moment. Some VITA sites around the state have begun to pilot on-site services that encourage tax filers to take advantage of credit repair services and the opportunity for the unbanked to open accounts to deposit their EITC refund directly and safely. More CAA free tax preparation sites hope to offer such options and to make it easier for low-income families to engage in other asset formation activities when filing their taxes.

VITA centers offering the opportunity for filers to receive additional services at the time of tax preparation are referred to as “Super” VITA Sites. Such “sites” may operate at special designated locations or at regular locations on designated days. Across the country VITA centers have experimented with providing such additional services as:

- Enroll in public benefits programs
- Assess needs and introduce to other services, such as job skills training or English for Speakers of Other Languages or ESOL
- Open a bank account or use Direct Deposit to put some of refund into savings
- Free check of credit score and credit report and explanation of implications
- Provide debt counseling and consolidation plan assistance
- Refer to financial education programs
- Recruit for participation in IDA programs or introduce to 529 college savings plan

Two Examples of “Super” VITA Sites

San Antonio Coalition for Family Economic Progress

The coalition was formed in 2001 through partnership of city Department of Community Initiatives with the IRS, United Way of San Antonio, Catholic Charities and other CBOs, colleges, businesses and financial institutions. Its purpose is to improve the economic security of families by providing opportunities to build assets through use of tax credits, savings, and financial education. It operates 26 VITA centers around the city including five super sites that provide financial education, reaching over 160 people in the 2004 tax season, and connecting over 500 people to IDAs by June 2005. These super VITA sites also enroll people in public benefits, aiding over 150,000 families in accessing SCHIP, Medicaid, and food stamps. A mobile team is equipped to serve people with disabilities.

Cincinnati, Ohio CAA Super VITA Site Model

CAA sites use Benefit Bank software to help determine eligibility for other programs. Representatives from other agencies are at the VITA sites to provide outreach for Medicaid, Food Stamps, Head Start, WIC and to open bank accounts. These on-site personnel helped ensure families fully understand other services for which they may be eligible. In 2007, 63% of tax refund filers applied for other services. It was found that the best outreach for VITA site services is word of mouth and repeat customers, building VITA site clientele over a few years. To offset the impact of companies offering RALs, the program actively advertises services before the tax season begins.

FINANCIAL EDUCATION PARTICIPANTS: FINANCIAL KNOWLEDGE, ATTITUDES AND BEHAVIOR

Participants in Financial Education programs were surveyed to identify demographics, as well as changes in financial attitudes, behaviors, and outcomes. This analysis focuses on financial education as an asset-building strategy in the context of Individual Development Accounts (IDAs)³² because only clients who participated in both Financial Education and IDA programs completed the baseline and follow-up surveys at significant enough numbers to allow for meaningful analysis.³³ The survey data is complemented by data from interviews with agency staff and focus groups with IDA saver clubs.³⁴

Although the surveys measured changes in a relatively short time period (6-9 months), several significant findings emerged:

- Participants consistently reported positive changes in their confidence regarding several core areas of financial literacy, including money management, financial goal-setting, appropriate use of banks and credit unions, recognizing and avoiding dangerous loans, and utilizing public benefits.
- All participants reported a reduction in their personal debt.
- Virtually all participants (97%) began saving for an asset, about half of whom had initially reported that they do not save regularly.

Demographic Profiles of Financial Education Participants

Demographic data for Financial Education participants was gathered in the baseline survey (See Appendix E.). Although comparisons cannot be made between IDA participants and non-participants for a number of methodological reasons, this data still proves useful for tailoring financial education programs to meet the needs of agency clients.

Among participants, the most common profile was younger women with at least one child under 14 years of age. Overall, women greatly outnumber men, comprising 85% of all financial education classes. In addition, approximately 85% of all clients rent, about half of them with a subsidy. The great majority of participants work (50% work full time and 25% work part-time) and are eligible for the EITC, but many are not receiving it.

Changes in Client Confidence

One useful definition of financial literacy is: “an individual’s ability to obtain, understand and evaluate the relevant information necessary to make decisions with an awareness of the likely financial consequences”.³⁵ Financial literacy combines attitude, knowledge, and behavior components, as it involves gathering and analyzing financial information, making informed financial decisions based upon that information, and acting on those decisions.³⁶

The surveys attempted to measure changes in client attitudes and confidence by asking them, in both the baseline and follow-up surveys, to respond to a series of statements, each of which represents an important area of financial literacy. Comparing clients' responses across the two surveys, the results demonstrate positive changes in their perceived financial literacy. Table 11 summarizes these changes.

Table 11: Changes in perceived financial literacy

Statement	Percent agree or strongly agree	
	Baseline	Follow-up
I know how to manage my money	68	92
I am able to set and achieve my financial goals	72	92
I know about the services offered by banks and credit unions and how to use them	32	70
I know how to recognize and avoid dangerous loans	51	80
I know what government programs and benefits I am eligible for and how to apply for them	18	59

These improvements should be interpreted with cautious optimism. On the one hand, the research base shows that higher levels of financial knowledge are correlated with positive financial behaviors.³⁷ From this, it follows that if a participant is more knowledgeable, he/she will make better financial decisions. On the other hand, the research base also demonstrates that people make systematic mistakes in their financial decision-making in part because they tend to overestimate their financial knowledge and skills and be irrationally overconfident.³⁸

The challenge remains connecting financial literacy's competencies to positive behavior changes. Although how participants think and what they know about money matters, changing their knowledge and attitudes is a necessary, but insufficient, condition for improving their financial behaviors and outcomes. This is because on its own, financial literacy does not guarantee any particular benefits, it only positions one to be capable to *create* and *respond* to opportunities.³⁹ Financial education programs must aim to not only improve financial literacy, but also provide opportunities to use it in appropriate and beneficial ways.⁴⁰

Changes in Financial Behaviors

Ultimately, successful financial education programs help their participants make positive changes in their financial behaviors. This section presents the positive changes in financial behaviors that clients reported in the surveys. Due to the limitations of the data,

the surveys are unable to demonstrate that the financial education programs caused the positive behavior changes. However, in the interviews and focus groups, both clients and agency staff identify program components that lead to positive behavior changes the interviews and focus groups. These program components will be discussed in the next section.

Ownership and Use of Appropriate Financial Products and Services

In order to save for the future and acquire assets, individuals need access to – and the financial literacy to successfully navigate – appropriate financial products and services. Without the capability to access and utilize such products as savings and checking accounts, many rely upon the second-tier financial industry, which is typically more costly, sometimes predatory, and does not offer opportunities to save.

Almost all participants already had a checking account upon entry in the financial education program. However, only 80% had a savings account at baseline, which improved to 87% at follow-up. Ownership of retirement accounts improved significantly, although investments remained low. (See Table 12.)

Table 12: Ownership of financial products and services (n=39)

Type of Account	Percent	
	Baseline	Follow-up
Checking	97	100
Savings	79	87
Investment (CDs, stocks, bonds, or mutual funds)	23	26
Retirement account	46	62

Budgeting and Money Management

Budgeting and money management are core components of financial literacy: they provide an overall picture of one’s finances, and allow one to form and execute a financial plan for day-to-day spending. The surveys asked clients to rate themselves, both before and after participation in the financial education program, on a number of measures related to budgeting and money management. These measures included: needs vs. wants, opening and tracking bills, paying bills on time, using coupons, comparison shopping, using a budget, and making long-term financial goals.

On each measure, the average score of the group improved, indicating that after attending the financial education program, participants consider themselves more responsible managers of their money. This finding was supported by clients’ discussions in focus groups about utilizing budgeting and money management strategies that they learned in the financial education program. (See Appendix G.)

Paying off debt and cleaning up credit

High debt levels and low credit scores severely limit participants' possibilities for asset development. Debt must either be serviced or it will compound, eating up scarce resources. Clients with a bad credit history pay more or are ineligible for loans. In addition, potential employers, landlords, and utility companies have begun to utilize credit reports. Therefore, paying off debt and cleaning up credit are core Financial Education program goals.

Overall, the surveys found that while clients have significant consumer debt, most report that they were able to reduce it during and after program participation. About 80% of participants had some debt when they entered the Financial Education program, and 50% owed \$10,000 or more (See Appendix F, Slide 16). All participants reported that they were able to pay off some of their debt, with 82% reporting that they paid off \$500 or more. In addition, there were fewer participants in the two highest debt categories (\$5,000 to \$9,999 and \$10,000 or more) in the follow-up survey.

The surveys did not attempt to measure changes in clients' credit reports and scores. The interviews and focus groups found that most participants highly value the opportunity to learn about credit reports and how to repair them. Financial education can help participants "face the reality" of how much debt they owe and what their credit report looks like, and many appreciate that the program encourages them to acknowledge and work on these issues. However, the interviews and focus groups also found that many clients continue to struggle with debt and require more individualized assistance.

Savings

Savings are the foundation for investing in an asset and can provide a cushion in case of an emergency. Further, the habit of saving itself is important, as it represents future orientation and self-control. While only 43% claimed to save regularly in the baseline, 97% reported in the follow-up survey that they had saved some money into their IDA, and half had already saved more than \$500. (See Appendix F, Slide 7.) The interviews and focus groups found that Financial Education and IDA programs help participants save through several strategies discussed in the next section.

Voices of Financial Education Participants

"Me and my husband ... after every class I tell him what I learned. We created a budget where we write down everything we are spending daily, trying to minimize."

"It all comes to sacrifice ... even today, I was in the store for detergent, but I saw something on clearance and was like 'Oh man, that looks like a good deal!' And you think, 'It's on clearance! I'm not spending money.' But you are."

"For me, it's motivation. OK, I can save money and there's a purpose to it. For me to reach my goal to buy a home one day; that's something I want to do."

Voices of Financial Education Participants – con't

"We're all in the same boat ... we're walking through this process together. It actually gives a lot of credibility to the program ... to sit in a room with people just like you."

"Having the knowledge and having the support from the program, it helps you feel secure. I've got myself into stupid things, like when I financed my car for the first time I got myself in trouble. I don't want to go through that again, ever!"

"Now I'm not intimidated in terms of asking bank employees questions. She (financial education instructor) said 'make an appointment, sit down and talk.' She gave me confidence. It became more personal, because we (bank personnel and her) are going to be working together."

"It has been very helpful having different people come in, or going to different places like the realtor's office, and actually talk with them and find out what to look for."

BEST PRACTICES FOR FINANCIAL EDUCATION

The demographic data of Financial Education program participants has implications for program design and logistics. For example, the fact that most financial education participants are women suggests that programs should recognize these gender dynamics and consider focusing on issues specific to women and money. In addition, programs can be tailored to working women with children by being responsive to time constraints and providing child care on site.

Data from the surveys, focus groups and interviews – and from the national research base – identify and confirm evidence-based financial education practices that help participants achieve the desired financial behaviors of budgeting and reducing spending, saving, paying down debt, and cleaning up credit. These practices include:

Utilizing principles of empowering adult education

Empowering adult education guides choices about the pedagogy and curriculum of the Financial Education classroom – how to teach and what to teach. Participants are more likely to learn and act on knowledge through this approach because it is experience-based and student-centered. When Financial Education is experiential, lessons emerge from participants' financial experiences, generating and leveraging "teachable moments". Fostering a comfortable and supportive learning environment (i.e., student-centered, low-stress, informal, small group, etc.) allows clients to actively engage and learn through peer-to-peer education, rather than sitting passively and disengaging.

Encouraging or requiring clients to use direct deposit for saving

In the focus groups and interviews, both participants and staff made very clear that that direct deposit is the easiest way to ensure saving. Almost without exception, when participants talk about how they have been able to save, they mention that they used direct deposit. In addition to facilitating the actual deposit of money, direct deposit has the advantage of sequestering the funds so that participants do not think about them and therefore are not tempted to withdraw them. As one participant sums up the strategy, “I just have it come directly from my check, so I don’t see it, I don’t miss it, and I’m just going to keep it.”

Foster Client development and commitment to program goals

Program goals should be specific and realistic, so that both clients and staff are clear about the purpose of the program. Further, clients are more likely to “buy-in” or commit to clear goals, and this commitment in turn translates to greater motivation and discipline around money issues. Clients often reported that being committed to the goal of saving helped them with self-control and being willing to make sacrifices. More broadly, participants connect having a goal to a global change in their mindset – what several call “taking money seriously” – that translates into changing day-to-day budgeting and money management activities.

Leveraging social support/social capital from the IDA coordinator and the savers club

In both one-on-one and group contexts, the relationships among participants and the IDA coordinator can provide critical social support to help change attitudes, learn and apply new knowledge, and follow through on commitments to desired financial behaviors. Examples include: facing the reality of debt and credit reports, relieving stress and brainstorming for ideas by sharing stories, staying committed to program goals, and receiving encouragement for positive accomplishments.

Focusing on budgeting to track expenses, plan spending, and assess income

Many participants reported that they had never tracked or planned their spending before, and that doing so gave them a newfound sense of control over their money because they “finally knew where their money was going”. Once they identify spending leaks or expenses they want to cut, participants are able to target ways to reduce spending. In addition, participants are able to see their income sources and make decisions about work and income supports.

Increasing access to mainstream financial institutions and opportunities

Although almost all participants were banked before program participation, the financial education program connected them to new opportunities. Many acknowledged being intimidated by the world of banks and credit unions, and were familiar with only the basic services of savings accounts, checking accounts, and credit cards. Participants consistently expressed their appreciation of the knowledge and perspective that bankers provide. However, some find bankers condescending or patronizing, which speaks to the program recommendation of training and selecting bankers and guest speakers. Having bankers visit savers club meetings allows clients to ask questions and “hear it from the horse’s mouth”. In this way, clients became more comfortable talking with a financial

professional and using mainstream financial products and services, including home and small business loans.

Increasing access to public benefits and other social services

Utilizing the public benefits for which one is eligible is a core component of financial literacy. To this point, many clients claimed, “learning about all the programs out there” was one of the most helpful and important program components. CAAs are uniquely positioned to connect clients to several public benefits (e.g., free tax preparation and the EITC, fuel assistance, food stamps, WIC, Head Start, and job search programs) that are offered either within the agency or at partnering organizations. These services provide critical income and work supports that can help clients save money and pursue their financial goals, such as paying down debt and investing in an asset.

IMPLEMENTING AN ASSET FORMATION APPROACH TO SERVICES

Creating Linkages Between Programs

Programs targeting asset formation are already being linked to other services provided at CAAs. Many of the EITC recipients and financial education program participants reported using other services provided by CAAs or other community agencies. Accessing fuel and housing assistance was most frequently reported, followed by other CAA programs such as the WIC child nutrition program, Head Start and job skills training. The participants in the financial education program demonstrate a higher rate of use of other services after the program than in the years prior to their being in the class. This is especially true in regards to taking advantage of free tax preparation services which increased from 17% to 33% after participation in the financial education program. On the other hand, it appears more needs to be done to encourage EITC recipients to take advantage of financial education opportunities as only 2% reported having done so. (See Tables 14 and 15.)

Table 14: Use of Other CAA Services and Public Benefits by EITC Recipients, 2008

Services used in past two years	Percent
Fuel assistance	38.8
Housing assistance	26.5
WIC	19.6
Head Start	16.3
Job skills training	10.7
Financial education	1.8

Table 15: Use of Other CAA Services and Public Benefits by Financial Education Program Participants

Services	Two years prior to program participation	Six months following program participation
Housing assistance	41%	15%
Fuel assistance	36%	33%
WIC	27%	18%
Head Start	20%	15%
Tax preparation	17%	33%
Job skills training	10%	15%

Plans for Further Adopting an Asset Formation Approach

In both 2007 and 2008, IASP interviewed the Executive Directors and Program Directors of asset formation services at four CAAs. The goal was to understand the organizational learning and capacity building that has taken place as a result of offering asset formation

opportunities (free tax preparation, financial education and for some, IDA programs). The interview questions examined program design, outreach plans, staff development, relationships with clients and the community, and organizational strategies. CAA directors and program staff generally remarked that although until a few years ago there was not a focus on asset formation, it now seems like a logical step for CAAs to take. They believe that if CAAs are to reach their goal of poverty alleviation, they need to help low-income families achieve sustainable financial stability. The involvement in asset formation activity has led to a shift in emphasis from crisis intervention to a focus on services and programs that promote long-term economic security.

Some agency directors view asset formation as not only important for every client, but also for CAA staff. An emerging trend of integration involves training all agency staff in financial education. This approach is seen as having two levels of benefits, for the staff in their own financial lives and conveying knowledge that all staff members can offer clients. Agency directors have identified different ways to incorporate financial education into staff development and are open to new opportunities to pilot this approach.

Recommendations for Program Development and Integration

The results of the surveys along with discussions and interviews of program directors and interviews and focus groups of program participants, aided in shaping recommendations for program development and integration of asset formation into overall CAA service delivery. The following are recommendations to advance asset formation by fully capitalizing on what the VITA centers and the financial education programs have to offer to all recipients of CAA services.

1. Meet with constituent groups prior to the tax season (e.g. Head Start parents) to aid them in establishing long term financial goals and planning for receipt of the tax refund.
2. Offer free tax preparation days at program sites such as Head Start, the local Housing Authority and English for Speakers of Other Languages (ESOL) classes.
3. Incorporate completion of tax forms into the financial education classes offered during tax season.
4. Provide cross training to intake workers and station them at VITA sites so tax filers can apply for or be referred to other services for which they are eligible.
5. Link tax preparation to financial education by having a financial counselor at the VITA site to meet one-on-one to help tax filers develop a budgeting plan or check their credit report.
6. Offer general financial education class(es) right before and/or right after tax season so participants are prepared to maximize the benefit of their tax refund.
7. Arm housing assistance advocates, fuel assistance intake workers, and CAA staff who provide case management services with financial education tools so they are prepared to take advantage of “teachable moments”.
8. Offer rotating series of customized financial education sessions in stand-alone modules geared to the immediate needs of CAA clients.

9. Integrate customized financial education into curriculum for ESOL and Adult Basic Education participants and participants in job skills training programs.

POLICY IMPLICATIONS

In Massachusetts, increased opportunity to build, sustain and protect assets is the mission of the legislatively and gubernatorially appointed Asset Development Commission. In December 2008, the Commission issued its Interim Report⁴¹ and will release its final report in June 2009. The findings of the Commission and its interim recommendations are supported by the research and the study of EITC recipients and financial education program participants noted in this report. Highlighted below are aspects of the Commission's recommendations that pertain to these programs and their capacity to increase asset formation opportunities for low and moderate income families.

Increase Capacity to Provide Free Tax Preparation and Other Services

Researchers have estimated that 13% of those eligible for the EITC, or 45,000 taxpayers in Massachusetts, are not claiming this valuable benefit. With only 5% of EITC filers in Massachusetts using the services of free tax clinics, many more are unnecessarily paying out of pocket to access it. It is important to increase the awareness of both the EITC and the services of free tax clinics while increasing the capacity of VITA sites across the state to engage many more tax filers. To aid in achieving these goals, there is a need to increase the outreach and operational capacity of the CAAs and other agencies to provide these services, many of which currently have no, or very limited, dedicated funding.

Some VITA sites around the state have begun to pilot on-site services that encourage tax filers to take advantage of credit repair services, financial education classes and the opportunity for the unbanked to open accounts to deposit their EITC refund directly and safely. With adequate funding support, more CAA free tax preparation sites hope to offer such options to make it easier for low-income families to engage in other asset-building activities when filing their taxes.

Formulate State EITC to Better Support Work and Savings

The EITC is a proven effective income-enhancing and asset-building vehicle for low- and moderate-income households, as over 300,000 Massachusetts tax filers received half a billion dollars from EITC in 2008. The maximum federal EITC benefit for the 2007 tax year was \$4,824 for families with two or more children or as much as 40 cents for each dollar earned. The Massachusetts EITC at 15% of the federal provided an additional \$724. Families have demonstrated that these funds go a long way in catching up with everyday expenses, paying off bills, and saving for important asset formation opportunities such as a child's education. The study of recipients at CAA VITA centers has found that the ability to use the EITC for more purposes and expand its impact on asset formation increases with the amount received.

There are several ways Massachusetts could increase the scale and impact of this successful and popular program. Half of the states that have enacted a state EITC set it at a higher percent than Massachusetts with the highest being the District of Columbia at 40% and Vermont at 32%. Two other states, Minnesota and Wisconsin, have creatively used the EITC to better support working families. Wisconsin has an additional category for families with three children or more who receive 43% of the federal EITC, thus providing a supplement for larger families.⁴² Minnesota uses the state EITC to help soften what is sometime referred to as the “cliff effect”. That is what families experience when earned income rises, but does not keep pace with the loss of eligibility for work support benefits such as child care subsidies. In Minnesota, the method of calculating the state EITC is not based on a flat percent of the federal EITC, but rather it provides a counter balance to the reduction of welfare cash assistance as earned income raises.

Integrate Financial Education into Other Services

The Massachusetts Asset Development Commission is exploring promising avenues that present “teachable moments” in which to integrate financial education through such programs as fuel assistance, Adult Basic Education (ABE), and English for Speakers of Other Languages (ESOL). In addition to this, the Department of Housing and Community Development (DHCD) is interested in determining how better to link financial education to housing assistance. Each of these initiatives can service as a creative model for replication and future funding support.

In Massachusetts, over 140,000 low-income households receive fuel assistance from 22 agencies, including 20 Community Action Agencies. The fuel assistance program provides a forum to connect clients to financial education, as well as other services and opportunities that promote self-sufficiency. The 2002-2005 LASER (Leveraging Assets for Self-sufficiency through Energy Resources) project in Massachusetts successfully utilized this approach, incorporating financial education as part of a more intensive pilot program. The evaluation of the LASER project found that despite no change in their household income, participants lowered their fuel arrearages, likely because the program helped them with household budgeting and connected them to other services, such as food assistance, phone and electricity discounts, income tax credits, and Medicaid.⁴³

ABE and ESOL programs offered by CAAs and other community agencies provide a venue to provide financial education to immigrants and other adults with low literacy levels. Although some organizations providing ABE and ESOL services already offer financial education, there is neither a statewide, systematic approach to include this in the curriculum, nor is there dedicated funding for it.

Three CAAs are currently participating in a project funded by DHCD that serves as a pilot for integrating financial education into existing services and targeting specific populations. This project models a way to develop and deliver a financial education toolkit that is tailored to near homeless and homeless families, and aims to expand use of the toolkit at community-based organizations across the state.

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³⁰ Venner, S. (November 2008). Surveys of EITC Filers and Follow-up. Waltham, MA, Institute on Assets and Social Policy, Heller School for Social Policy and Management, Brandeis University.

³¹ Ibid.

³² Individual Development Accounts (IDAs) are matched savings accounts which help low-income participants save, build, assets, and enter the financial mainstream. Funds can only be used for the purchase of specific assets, such as a house, small business, or secondary education. Agencies in this study use the financial education program either as a filter or prerequisite for participation in the IDA program

³³ For example, of the 45 clients who completed the follow-up survey, 39 were IDA participants

³⁴ Parker, J., *Financial Education as an Asset Development Strategy: The Potential of Community Action Agencies*. 2009, Heller School for Social Policy and Management, Brandeis University: Waltham, MA.

³⁵ Mason, C. L. J. and R. M. S. Wilson (2000). *Conceptualising Financial Literacy*. Leicestershire, UK, Loughborough University.

³⁶ National Endowment for Financial Education. *Closing The Gap Between Knowledge And Behavior: Turning Education Into Action*. 2005. Denver, CO.

Financial Literacy & Education Commission, *Taking Ownership of the Future: The National Strategy for Financial Literacy*. 2006, US Department of the Treasury: Washington D.C.

³⁷ Dixon, M. (2006). *Rethinking Financial Capability: lessons from economic psychology and behavioural finance*. London, Institute for Public Policy Research.

Hilgert, M. A., J. M. Hogarth, et al. (2003). "Household Financial Management: The Connection Between Knowledge And Behavior." *Federal Reserve Bulletin* July: 309-302.

³⁸ Mullainathan, S. and R. H. Thaler (2000). *Behavioral Economics*. NBER Working Papers. Cambridge, MA, National Bureau of Economic Research, Inc. 7948.

³⁹ Mason, C. L. J. and R. M. S. Wilson (2000). *Conceptualising Financial Literacy*. Leicestershire, UK, Loughborough University.

⁴⁰ Johnson, E. and M. Sherraden, *From Financial Literacy to Financial Capability Among Youth in CSD Working Paper Series*. 2006, Center for Social Development, Washington University St Louis.

⁴¹ Interim Report (December 2008). Massachusetts Asset Development Commission, Boston, MA.

⁴² The American Recovery and Reinvestment Act of 2009 temporarily (for the 2009 and 2010 tax years) increases the federal EITC for working families with three or more children which will automatically provide an increase for qualifying Massachusetts families at 15% of the federal amount.

⁴³ UMass Donahue Institute (2005). *Report of the 2002-05 Massachusetts LASER Project*. Boston, MA, The University of Massachusetts.

APPENDIX A

MASSCAP AND INSTITUTE ON ASSETS AND SOCIAL POLICY

Massachusetts Association for Community Action (MASSCAP)

The Massachusetts Association for Community Action (MASSCAP) is the statewide association of the 24 Community Action Agencies (CAAs) in Massachusetts. CAAs were created 40 years ago under a federal mandate to combat poverty. Since their inception, CAAs have evolved into multi-service agencies which assist tens of thousands of individuals and families each year. MASSCAP's mission is to enhance the abilities of CAAs to assist low-income and working poor families and individuals across Massachusetts in their efforts to gain needed services and to attain economic self-sufficiency. The 24 CAA Executive Directors make up the Board of Directors of MASSCAP and develops policy and program initiatives at the state and federal levels.

MASSCAP's member CAAs provide people in every community in the Commonwealth with basic support services, education, training, and advocacy at over 200 sites. Combined, CAAs serve over 440,000 low-income people annually, two-thirds of them with incomes below 125% of the federal poverty level. Services provided by CAAs typically include, but are not limited to: Head Start, child care, adult education and English language training, job/skills training and placement, home heating fuel assistance, energy conservation, homelessness prevention, affordable housing creation, health care, food and nutrition programs, as well as programs for youth and the elderly. More recently CAAs have become involved in various asset formation initiatives such as free tax preparation services, financial skills education, and Individual Development Account (IDA) programs. CAAs typically work in and with various local coalitions with other community-based organizations, government agencies, and local businesses on projects to meet the needs of the communities they serve.

MASSCAP, 105 Chauncy Street, 3rd Floor, Boston, MA 02111
Phone: (617) 357-6086 <http://www.masscap.org/>

Institute on Assets and Social Policy (IASP), Brandeis University

The Institute on Assets and Social Policy is a research institute at the Heller School for Social Policy and Management at Brandeis University, dedicated to promoting a better understanding of how assets and asset-building opportunities improve the well-being and financial stability of individuals and families left out of the economic mainstream. IASP pursues its mission through original research, policy analysis, program evaluation, technical assistance, community engagement, organizational capacity building, and leadership development to:

- Create New Measures and Evidence of Asset Well-Being
- Generate Analysis of Asset Formation Opportunities
- Evaluate and Improve the Scope and Delivery of Asset Building Programs
- Form Partnerships and Collaborations with Policy-Makers, Constituency Organizations, and Communities
- Disseminate Resources, Tools, and Products to Expand Knowledge, Practice, and Action
- Train Future Leaders in Asset Development

Institute on Assets and Social Policy, Heller School for Social Policy and Management
Brandeis University, 415 South Street, Mailstop 035, Waltham, MA 02454
Phone (781) 736-8685 <http://iasp.brandeis.edu>

APPENDIX B: EITC SURVEY RESULTS, NOVEMBER 1, 2007

INSTITUTE ON ASSETS
AND SOCIAL POLICY



The Heller School
for Social Policy and Management
Brandeis University

Survey of EITC Filers at Tax Preparation Sites February – April 2007

Sandra Venner
MASSCAP Asset Formation Initiative
November 1, 2007

Consumer Use and Satisfaction

Completed Surveys

	Number	Percent	Completion rate
BCAC	25	11.7	68%
CAAS	11	5.2	24%
CACCI	14	6.6	30%
CFC	5	2.3	2%
Greenfield	46	21.6	78%
MOC	34	16.0	100+%
NSCAP	23	10.8	85%
QCAP	33	15.5	30%
SouthShore	17	8.0	100%
TriCap	5	2.3	25%
Total	213	100.0	31.5%

Overall satisfaction rate with VITA services at the ten sites was 99%.

Last Year

145 respondents received tax prep assistance last year

- Roughly same number paid for services as received free services
- 53% of families with children paid for tax services, while only 35% of households without children did

Demographics and Housing

- **Gender** 45 males (22%) 166 females (78%)
- **Race** 75% white 9% African American 13.7% other 2.3% multi-race
- **Ethnicity** 10% Hispanic ???
- **Language** 29% speak Spanish at home 16% do not write English
 - Of those who do not write English, no significant difference in amount of tax return expected, having a bank account, or having health insurance

Age

	Number	Percent
18-23 years	21	9.9
24-44 years	125	58.7
45-54 years	44	20.7
55-69 years	20	9.4

Housing Type

	Number	Percent
rent, no subsidy	75	35.2
rent, with subsidy	66	31.0
own home	33	15.5
homeless	2	0.9
staying with family or friends	27	12.7
other	6	2.8

- Almost 80% are between ages of 24 and 55
- 66% are renters; almost half have a subsidy
- 14% do not have stable housing

3

Education and Employment

Education

	Number	Percent
0-8	3	1.4
9-12 non grad	27	12.7
9-12 graduate	65	30.5
12+ some secondary	62	29.1
Associate	31	14.6
Bachelor or higher	17	8.0
Total	205	96.2

- 66% have graduated from high school but do not have an advance degree
- 14% do not have high school diploma

Employment

- 140 currently employed (66%)
 - 71% of females employed; 47% of males
- 64 work full time; 81 work part time
- 27 work more than one job

Income Sources

- 32% receive Food Stamps and 19% participate in WIC
- 27% have wages and receive no public assistance
- 48% have wages and some type of public assistance
 - 23% have wages and public assistance other than rental assistance
- 3% receive SSI only
- 5% receive SSI and other public assistance, but no wage
- 35 people have no wages or SSI (Qualified for EITC because self-employed?)

4

Families with Children

- 162 (76%) respondents have one or more children under age 18
- These families have roughly same income distribution as other clients with 13% having an income below \$4,800.
- 22% have \$10,000 or more in debt vs 12% of other respondents

Differences in planned use of EITC

	Families	All others
Everyday expenses	72%	54%
Put into Savings	47	26
Pay off credit card	48	25
Buy or repair car	36	16
Education or job training	19	11

- Families typically receive larger tax refund and therefore can use it for more purposes

5

Single Parent Households

- 116 (55%) of all respondents are single parents
- 93% of single parents are female headed households
 - 29% have children under 3
 - 61% have children 3-13
- More are in the lower income brackets and live in subsidized housing than respondents overall

Housing Type

	Number	Percent
rent, no subsidy	39	36.0
rent, with subsidy	43	39.0
own home	16	14.0
homeless	1	1.0
staying with family or friends	11	10.0

Debt

	Percent
Credit card bills	68.0
Utility bills	45.0
Borrowed from others	34.0
Medical debt	21.0
School loan	19.0

Of the 53 single parents from the four intensive study sites 44 (90%) have debt

- 11% owe less than \$500
- 16% owe \$5,000 - 10,000 and 18% owe more than \$10,000

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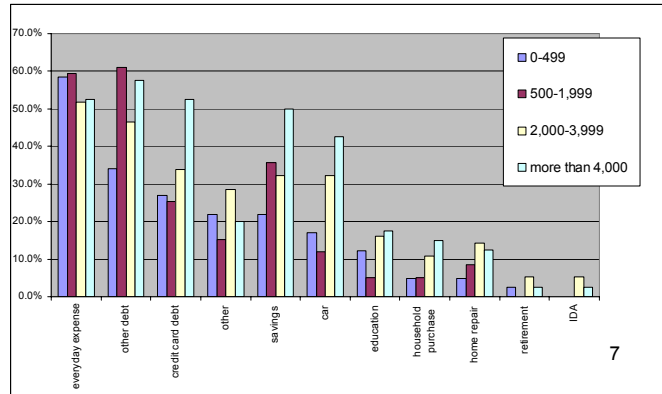
Tax Refund

Amount of anticipated tax refund

	Percent
\$0 - 499	19.2
\$500 - 999	13.1
\$1,000 - 1,999	14.6
\$2,000 - 2,999	13.1
\$3,000 - 3,999	13.1
\$4,000 - 4,999	12.2
\$5,000 - 5,999	4.7
\$6,000 or more	1.9

- Regardless of size of tax refund, everyday expenses is a priority
- For those with refunds more than \$500, paying off debt is important
- Intent to put money in savings goes up with the size of refund

Planned Use vs Expected Amount



7

Banked vs Unbanked

- 31 (15%) of respondents do not have a banking account

Of those who do not have a banking account:

- Poorer than respondents overall
 - 38% have income of \$0-5,000; another 28% have income of \$10-15,000
- 42% are male vs 18% of banked respondents
- Less education than banked respondents
 - 29% did not graduate for high school vs 12%
 - 39% have no more than a high school degree vs 30%
- More white (87% unbanked vs 77% banked)
- Same percent write English
- Roughly same debt pattern

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Debt (Four intensive study sites only – 101 respondents)

79 (81%) of respondents currently owe money

Source of Debt

	Number
Credit card bills	58
School loans	17
Medical Bills	21
Utility bills	43
Borrowed money from others	30

Amount of Debt

	Number
Less than \$500	9
\$500 - 999	8
\$1,000 - 4,999	39
\$5,000 - 9,999	9
\$10,000 or more	16

Of the 58 who owe money on credit cards –

- 24% owe \$10,000 or more vs 9% of all respondents; 14% owe \$5-10,000 vs 4% overall

Of the 16 people who owe \$10,000 or more –

- 14 owe for credit cards; 7 - utilities; 7 - borrowed money; 6 – school loans; 4 - medical debt

Of the 19 people who owe \$5,000 or more and do not own a home –

- Everyone has high school education or more, but they are very low income
- 17 owe for credit cards; 11 - borrowed money; 10 - utilities; 7 - school loans; 6 - medical debt

Use of Savings

How would like to use savings

	Very Important/ Important
Pay off bills	200
Start or add to savings account	173
Help children or extended family	140
Put into retirement savings	126
More education/job training	111
Buy a house	93
Take a vacation	73
Move out of subsidized housing	64
Buy a car	63
Contribute to religious institution	63
Move to different neighborhood	62
Purchase large household item	57
Start a business	46
Home repairs or renovation	45
Other	38

Income of those want to save to buy home

	Percent
\$0 - 4,999	11.8
\$5,000 - 9,999	11.8
\$10,000 - 14,999	17.2
\$15,000 - 19,999	15.1
\$20,000 - 24,999	22.6
\$30,000 - 34,999	9.7
\$35,000 or more	3.3

- High interest in such asset building activities as saving, increasing job skills, and buying a home
- 78.5% of those wanting to buy a home have an income under \$25,000

10

Life Challenges and Barriers to Saving

(Four intensive study sites only - 101)

Experienced in past 2 years

	Number
Changed jobs /had periods of unemployment	64
Had serious financial problems (lost credit card, car repossessed, refused for loan, etc.)	41
Had family problems (sick child, divorce, separation, death of spouse)	39
Had serious medical problems (lost 5 or more days of work)	20
Moved more than twice	15
Dropped out of school	7
Other	19

- Job change does not necessarily create a barrier to saving
- At least 80% have a problem meeting routine expenses, but do not necessarily regard this as serious financial problem

Identified Barriers to Saving

	Very Important/ Important
General bills (electricity, gas, phone)	82
Paying off money I owe	81
Daily family expenses	81
Low wages	75
Finding affordable housing	65
Money to continue my education	41
Not knowing how to budget my money	40
Unemployment or lack of steady employment	32
My poor health/illness	31
Expenses for a sick family member	23
Mortgage/home equity or student loans	22
Money I give to help my relatives	20
Expenses for an elderly family member	10

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Financial Education

Talked finances in past year

(Four intensive study sites only -101)

	Sometimes /Often
Asked family or other relatives for help on managing my finances	50
Asked a community organization for help about financial problems	40
Talked to my children about family budgeting and financial issues	37

Interested in financial education?

(All ten sites)

122 Yes 84 No

Program participation

(All ten sites - 213)

	No	Yes	Don't Know
Individual Development Account (IDA)	181	7	8
Financial Literacy Education	185	10	3
First Time Homebuyer Classes	175	27	2
First Time Homebuyer Financial Assistance	187	9	3
Family Self Sufficiency Savings Program	180	14	4
Small Business Development Assistance	187	6	2

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Follow-up Survey of EITC Recipients

(39 responses from four intensive study sites)

June - September 2007

Sandra Venner
MASSCAP Asset Formation Initiative
November 1, 2007

13

Amount and Use of Tax Refund

Amount of Tax Refund

	Number
\$1-499	4
\$500-999	5
\$1,000-1,999	6
\$2,000- 2,999	3
\$3,000-3,999	6
\$4,000-4,999	8
\$5,000-5,999	2
\$6,000 or more	3

Planned vs Actual Use of Refund

	Yes, plan to use	Maybe will use	Actual Use
Everyday expenses	19	6	30
Other debt	20	7	21
Pay off credit cards	16	9	14
Savings acct	16	8	15
Buy/repair car	7	3	8
Education or job training	9	5	8
Make major household purchase	4	3	4
Retirement account	1	3	0

- Roughly one-third got a larger EITC refund than expected, same amount as expected, and less than expected respectively.
- More used refund for everyday expenses (68%) than planned (48%)
- 38% put money into a savings account, roughly the same percent who planned to but not as many as had hoped to save

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Amount and Uses for Savings

15 put some or all of their refund into savings

Amount Put in Savings

	Number
\$1-499	7
\$500-999	3
\$1,000-1,999	3
\$2,000 or more	2

Planned Uses for Savings

	Number
Get education or job training for myself	0
Get education for my children	4
Make a major household purchase (washing machine, refrigerator, TV, etc.)	1
Buy or repair a car	5
Make home repairs	1
Purchase a home	2
Start a small business	0
Retirement	0
Not sure	4
Other: Dental expenses, Rent, New apartment, Spent what was saved	5

- Few of the planned uses for savings included investment in long term assets

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Reaching Savings Goal

What interfered with planned savings goal

- Gave daughter money for security deposit so she could move into a subsidized apartment
- **Get rid of bill collectors, instead of going on shopping spree**
- Had to pay bills and people's loans back.
- More went to car purchase than anticipated and less for children's educational expenses
- Paid more of bills than expected
- **Wanted to pay off bills but had to buy a car instead**

34 respondents said they would like to save more next year >>>

What help to reach savings goal?	Number
Financial education classes ahead of time to help plan	16
A savings club for support and encouragement	11
Debt counseling to manage debt payments	11
Help opening a savings account	5
Other: <ul style="list-style-type: none"> • a higher income (3) • has opened a savings account • smaller credit card debt 	5

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Use of Banking and Other Services

Status of Bank Accounts Pre and Post Tax Refund

	Had before	Opened since	Don't have
Bank checking account	27	1	9
Bank savings account	19	3	14
Retirement account (IRA, 401k, 403b, etc.)	9	0	26
Investment in CDs, stocks, bonds, or mutual funds	3	1	31

- 22.5% have no checking account; 35% have no savings account
- Many have used CAA services
- Definite interest in activities that help build assets

Accessing Other Services

	Have used	Would like to learn more
Fuel Assistance	24	3
Head Start/Child Care	10	4
Adult Basic Education	4	10
English as a Second Language (ESL)	0	1
Job Skills Training	5	8
WIC	18	0
Housing Assistance	12	12
Small Business Development Assistance	1	6
Individual Development Account	2	11
Financial Literacy Education	1	7
First Time Homebuyer Classes	4	11
Other: Credit literacy 101, How to be more disciplined to save, One-on-one help with budgeting and managing bills		√

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INSTITUTE ON ASSETS
AND SOCIAL POLICY



The Heller School
for Social Policy and Management
Brandeis University

Survey of Non-EITC Filers at Tax Preparation Sites February – April 2007

Sandra Venner
MASSCAP Asset Formation Initiative
November 1, 2007

18

Customer Use and Satisfaction

Completed Surveys

	Number	Completion Rate
CAAS	12	20%
CACCI	21	45%
CFC	5	1%
BCAC	9	35%
Greenfield	36	39%
MOC	26	70%
NSCAP	19	100%
SSCAP	0	0%
Tri-CAP	3	11%
Sub-total	131	
QCAP*	328	100%
Total	459	

Overall satisfaction rate with VITA Services at the ten sites was 99%

Last Year

- QCAP: 75% of respondents received tax prep assistance last year
- All others: 60% received assistance
- QCAP: 26% paid for last year's tax prep assistance
- All others: 66% paid for assistance

* Where significant differences exist, data is presented with and without QCAP as they comprise 71% of total. Also, QCAP data includes both EITC recipients and non-recipients.

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Demographics

- **Gender** (w/o QCAP) 49 (37%) male (vs 22% of EITC recipients are male)
82 (63%) female
- **Race** White: 80% (w/o QCAP) 74% (QCAP) Asian: 3% (w/o QCAP) 9% (QCAP)
African American: 5% (w/o QCAP) 8% (QCAP)
- **Ethnicity** Hispanic: 14% (w/o QCAP) 5% (QCAP)

Age

	Number (w/o QCAP)	Percent (w/o QCAP)	Percent (w/QCAP)
12-17 years	3	2.0	1.0
18-23 years	25	20.0	10.0
24-44 years	44	34.0	35.0
45-54 years	23	18.0	16.0
55-69 years	23	18.0	20.0
70 + years	10	8.0	19.0

- QCAP serves fewer young adults and more elderly residents at its VITA center

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Housing and Education

Housing Arrangement

	Number (w/o QCAP)	Percent (w/o QCAP)	Percent of EITC recipients
rent, no subsidy	55	45.0	35.2
rent, with subsidy	15	12.0	31.0
own home	27	22.0	15.5
homeless	5	4.0	0.9
staying with family or friends	14	11.0	12.7
other	7	6.0	2.8

- Percent with rent subsidy is less than half that of EITC recipients
- 22% own their home vs 15.5% of EITC recipients

Education

	Percent (w/ QCAP)	Percent of EITC recipients
0-8	1.0	1.4
9-12 non grad	14.0	12.7
9-12 graduate	44.0	30.5
12+ some secondary	20.0	29.1
Associate	7.0	14.6
Bachelor or higher	14.0	8.0

- 41% have more than high school education vs 52% of EITC recipients

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Income

Source of Income

	Percent (w/o QCAP)	Percent (w/ QCAP)	Percent of EITC recipients
Wages	40.0	37.0	76.0
SSI/SSDI	6.0	8.0	19.0
Social Security	12.0	21.0	9.5
Pension	6.0	12.0	2.0
WIC	3.0	1.0	19.5
Food stamps	9.0	10.0	32.0

- Significant difference in sources of income for EITC recipients and non-recipients
- Also significant difference in use of WIC and Food Stamps

Income

	Number (w/ QCAP)	Percent (w/ QCAP)
\$0 - 4,999	48	11.0
\$5,000 - 9,999	49	11.0
\$10,000 - 14,999	73	17.0
\$15,000 - 19,999	74	17.0
\$20,000 - 24,999	60	14.0
\$25,000 - 29,999	39	9.0
\$30,000 - 34,999	34	8.0
\$35,000 - 39,999	14	3.0
\$40,000 - 44,999	20	5.0
\$45,000 or more	13	3.0

- 70% have income under \$25,000
- Over 90% have income under \$40,000

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APPENDIX C
EITC RESEARCH OVERVIEW, NOVEMBER 19, 2008

Completed EITC Baseline and Follow-up Surveys in 2008

	Baseline Frequency	Baseline Percent	Completion Rate	Follow-up Frequency	Follow-up Percent
BCAC	35	8.9	61.4	NA	NA
CACCI	18	4.6	28.1	NA	NA
Com Action	100	25.5	95.2	40	44.4
MOC	28	7.1	59.6	NA	NA
NSCAP	71	18.1	100+	NA	NA
QCAP	86	21.9	57.7	31	34.4
SSCAC	54	13.8	59.3	19	21.1
TOTAL	392	100.0	67.8	90	100.0

Consumer Use and Satisfaction of VITA Services

Strongly agree/agree with positive statements related to VITA services – 96-99%

Three-quarters received help last year preparing taxes:

38% paid for the service 62% had free assistance

Prior year roughly same number paid for services as received free services.

General Demographics of EITC Recipients in 2008

Gender: 75% are female **Single Parent:** 48% **Two-parent w/ children:** 14%

Race: White 73% African American 10% Hispanic (any race) 21%

Age: 18-23 years – 8% 24-44 years – 55% 45-54 years – 23% 55 and over – 14%

Education: Non-high school grad – 13% High school grad/GED – 35%
 Some post-sec, no degree – 25% Associate degree or higher – 27%

Use of Other CAAs Programs

	Percent		Percent
Fuel assistance	38.8	Head Start	16.3
Housing assistance	26.5	Job skills training	10.7
WIC	19.6	Adult Basic Education	2.6

APPENDIX D: EITC SURVEY RESULTS, NOVEMBER 19, 2008



Institute on Assets and Social Policy

Survey of EITC Filers at Tax Preparation Sites

(392 responses from seven CAAs)

February – April 2008

Sandra Venner

MASSCAP Asset Formation Initiative

November 19, 2008

Income / Housing / Employment

Annual Income	Percent
\$0-10,000	32.8
\$10-20,000	33.6
\$20-30,000	21.6
Over \$30,000	9.3

Housing Type	Percent
Rent, no subsidy	35.1
Rent, with subsidy	37.1
Own home	12.4
Staying with family or friends	9.0
Homeless	2.3
Other	4.1

Income Sources

- 77% have wages
- 31% receive Food Stamps
- 18% receive SSI / SSDI
- 13% receive WIC
- 13% receive TAFDC
- 29% have wages and some type of public assistance
 - 12% had wages and public assistance other than rental assistance

Housing

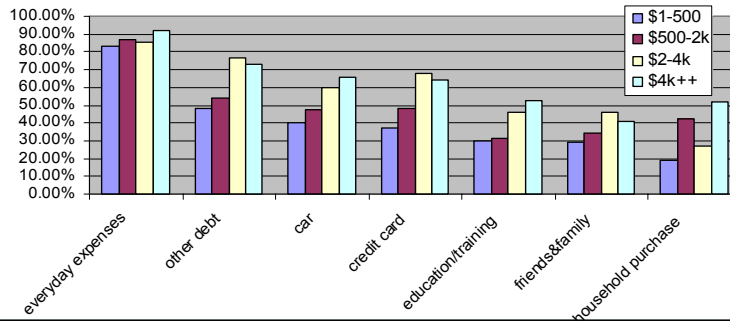
- Over half who rent have a subsidy
- 11% have unstable housing arrangements

Employment

- 30% are employed full time or more
- 36% are employed part-time
- 33% are unemployed

Planned Use of 2008 Tax Refund & Actual 2007

Use of refund	Percent (2008 planned)	Percent (2007 actual)
Everyday expenses	86.7	77.3
Non-credit card debt	64.2	53.5
Credit card debt	55.9	38.3
Buy or repair vehicle	54.3	33.6
Education or job training	39.9	19.9
Help family or friends in need	37.9	26.5
Major household purchase	35.9	17.2



3

Plan to Save

- Two-thirds report they plan to save this year
- Only one-third report they saved last year

Items for which saving	Percent
Buy or repair a vehicle	26.5
Education for children	12.6
Education for self	12.2
Major household purchase	8.3
Purchase home	7.8
Home repair	5.7
Retirement	4.8

Planning to save by expected refund amount	Percent
\$1-500	13.6
\$500-1000	18.1
\$1000-2000	18.6
\$2000-3000	11.1
\$3000-4000	19.1
\$4000-5000	9.5
\$5000-6000 (only 8 responses)	4.0

4

Use of Financial Services

18% of respondents have no checking or savings account

- **29% are male** vs 25% of total respondents
- **14% Hispanic** vs 21% of total; similar percent White & African American
- **69% have annual income under \$10,000**; more than double total number

Reason not have bank account	Percent
Hard time managing account in past	33.3
Don't like or trust banks	11.6
Don't think qualify for an account	10.1
Having an account cost too much	7.2
No bank or credit union near me	4.3

Use to cash checks	Percent
Bank or credit union	74.5
Convenience or grocery store	15.3
Check cashing store	4.8

Where get extra money if needed	Percent
Friends or family	52.3
Credit card	20.4
Bank or credit union	6.4
Payday lender	1.5

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Source and Amount of Debt

Three quarters of respondents currently have debt

Source of debt	Percent (all with debt)	Percent (debt over \$10k)
Credit card bills	64.6	76.6
Utility bills	46.9	46.9
Owe money to family or friends	34.0	40.6
Auto loan	27.1	43.8
Doctor or medicine bills	27.0	35.9
School loan	26.4	42.2

Amount of debt	Percent
Less than \$500	6.8
\$500-1,000	16.1
\$1,000-5,000	30.1
\$5,000-10,000	24.0
Over \$10,000	22.9

Credit card debt by amount of debt	Percent
Less than \$500	31.6
\$500-1,000	51.1
\$1,000-5,000	63.1
\$5,000-10,000	79.1
Over \$10,000	76.6

6



Follow-up Survey Of EITC Recipients

(90 responses from Community Action!, QCAP, and SSCAC)

June - September 2008

Sandra Venner

MASSCAP Asset Formation Initiative

November 19, 2008

Use of Tax Refund & Stimulus Rebate

Actual use of tax refund and Economic Stimulus	Percent (all tax refunds)	Percent (refund \$1-1000)	Percent (refund \$1-3000)	Percent (refund over \$3000)	Percent (Stimulus Rebate)
Everyday expenses	51.2	52.6	44.4	57.8	48.1
Non-credit card debt	35.7	26.3	37.0	52.6	31.6
Credit card debt	22.6	35.7	25.9	10.5	21.5
Buy or repair vehicle	20.2	10.5	25.9	31.6	13.9
Major household purchase	9.5	2.6	11.1	21.1	7.6
Education or job training	8.3	7.9	11.1	5.3	6.3
Help family or friends in need	7.1	2.6	7.4	15.8	5.1

For all categories, actual use of tax refund is lower than 2008 planned use and 2007 reported use

Possible reasons: Money doesn't go as far as hoped
Tax refund was used in conjunction with Economic Stimulus to cover intended uses

Savings and Planned Uses

- 32% (29) put some of the tax refund into savings
 - Less than half who planned to save
- 20% (15) put some of Stimulus Rebate in savings
 - **37% (33) saved some from either source**
- Last year 40.5% reported saving some of the tax refund
- 6% opened a savings account since receiving the refund

Planned use of savings	Percent
Future everyday expenses	36.4
Purchase a home	15.2
Education or job training	9.1
Buy or repair vehicle	9.1
Retirement	6.1
Vacation or entertainment	6.1
Education for child	3.0
Home repairs	3.0

9

Reaching Savings Goal

What interfered with planned savings goal

- Wanted to save but had too many expenses
- Had to spend what planned to save on car repair
- Did save, but since used savings on car repair
- Planned to save for daughter's college, but son lost his job and had to help him
- Wanted to save, but computer for my daughter was worthwhile expense
- Planned on saving all of refund but daily expenses quickly used it up
- Wanted to save but had to use for car repair and uncovered medical expenses

82% of respondents said they would like to save more next year >>>

What help to reach savings goal	Percent
Financial education classes ahead of time to help plan	16.7
Debt counseling to manage payments	14.4
Savings club for support	8.9
Other: Better job/more income Less debt & fewer emergencies	48.9

10

APPENDIX E: FINANCIAL EDUCATION RESEARCH OVERVIEW

Agencies & Data				
Agency	Baseline Survey	Follow-up Survey	Interviews	Focus Groups
ABCD	n/a	n/a	1	11
BCAC	5	5	1	4
CFC	5	5	n/a	n/a
Community Action!	12	11	2	13
MOC	9	4	3	8
NSCAP	7	4	1	3
QCAP	27	7	1	3
SSCAC	20	3	1	10
Tri-CAP	9	6	2	4
Total	94	45	12	56

Surveys

- The baseline survey was conducted during the first or second FLE class
- The follow-up survey was conducted 6-9 months after the baseline survey
- The vast majority of follow-up surveys (39 out of 45) were completed by IDA clients, therefore conclusions about behavior change must incorporate the effects of both the FLE classes and the IDA program

Interviews & Focus Groups

- The qualitative data was collected independently by Jonas Parker for his dissertation
- The interviews were conducted on the night of an IDA savers club meeting
- The focus groups were conducted during an IDA savers club meeting

Demographics

	Total baseline (n=94)	IDA participants (n=57)	FLE only (n=25)
Gender	82% female		
Age	18-34: 44% 35-44: 28% 45-54: 21% 55+: 3%	58% 25% 15% 3% (younger)	25% 38% 33% 3% (older)
Race & Ethnicity	~ 3% Asian ~ 17% Black ~ 66% White ~ 5% Multiracial ~ 12% Hispanic		
Have a Disability	13%	4%	33%
Education	40% Associate's or Bachelor's 53% high school grad		vs. 29% vs. 67% (lower)
Housing	45% rent, no subsidy 40% rent w/ subsidy 5% own home 9% homeless		vs. 29% vs. 54% vs. 0% vs. 13% (less secure)
Family composition	~ 80% have a child ~ 66% of parents are single parents		
Work	~25% work part-time ~50% work full time		
Income	10% below 10k 15% 10-20k 33% 20-30k 33% 30-40k 10% 40k++		

APPENDIX F: FLE SURVEY RESULTS, NOVEMBER 19, 2008

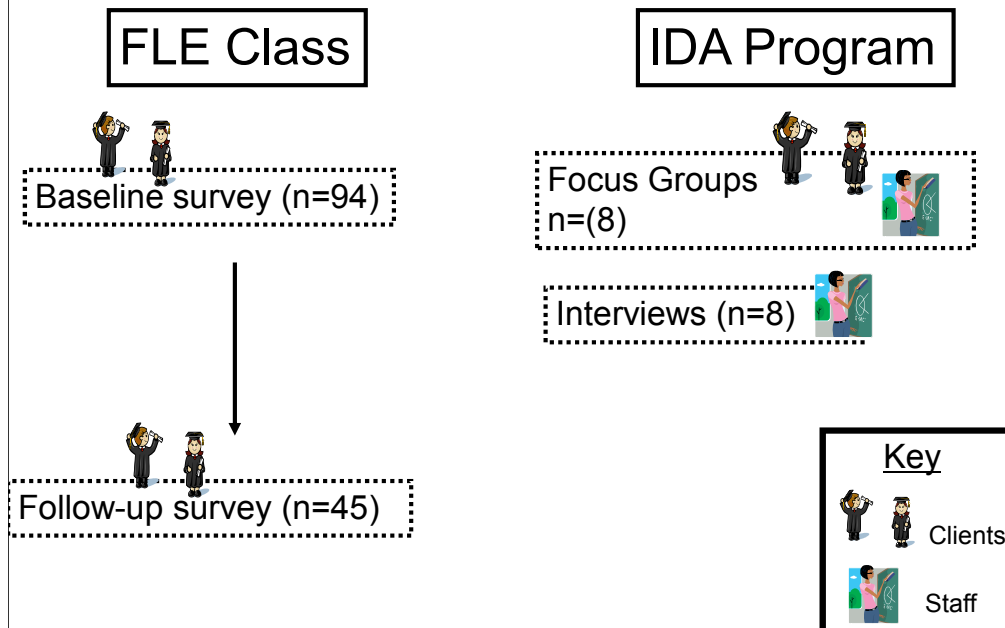


Institute on Assets and Social Policy

Financial Literacy Education as an Asset-Building Strategy

Jonas Parker
MASSCAP Asset Formation Initiative
November 19, 2008

Overview of the data



The Capacity of CAAs to Provide FLE

2 Major Strategies

1. Relationships among clients and staff
2. Partnerships

3

The Capacity of CAAs: client/staff relationships

Source of referral to FLE	
This agency	32%
Another agency	28%
Friends or family	22%

↓
Word of mouth



Agency Services Used	Agency Services Used	
	Past 2 years	Past 6 months
Housing Assistance	41%	15%
Fuel Assistance	36%	33%
WIC	27%	18%
Head Start	20%	15%
Tax Prep	17%	33%
Job Skills Training	10%	15%

↓
Most clients use multiple services

4

The Capacity of CAAs: client/staff relationships



Is there someone at this agency whom you feel comfortable talking with about your financial issues or questions?

Baseline: 69% yes
Follow-up: 89% yes

Do you or an immediate family member work at [AGENCY]? 21% yes



Many staff participate in the IDA program

5

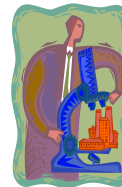
The Capacity of CAAs: strategic partners



Local and State Government



Realtors



Home Inspectors



Employers



Local CBOs



Banks & Credit Unions

6

IDA Savings

IDA participant savings after 6-9 months (n=39)

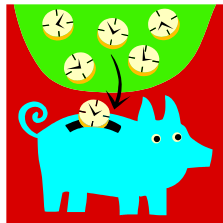
Amount saved	Number of clients	Percent
\$0	1	3%
Under \$100	5	13%
\$100 to \$200	6	15%
\$200 to \$500	8	21%
More than \$500	19	49%



Almost everyone reports saving

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IDA Savings: Direct Deposit



“I just have it come directly from my check, so I don’t see it, I don’t miss it, and I’m just going to keep it.”

“In terms of falling off track, to be accountable to myself, the thing I got most [from the program] is to save first...as opposed to spending and then saving what’s left, I save off the top. So that if I fall off track, it’s not going to affect my ultimate goal. So I save first, completely first. In addition to the IDA account, I’ve opened another savings account...and I have a hard time, I’ve never went into it, but once I save it, I have a hard time thinking about touching it”



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IDA savings: holding clients accountable

Staff person: When you get to the point about savings, they're like "you're kidding right?" because they barely have enough money to make ends meet. They're like "what are you talking about?"...This is a really hard area for us. We are trying to crack this nut, because it's a big deal making sure people save. And we don't want to treat them like children. It's a balance of them being accountable and then doing what they need to do.

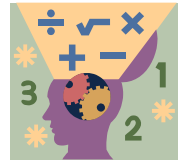
Jonas: Do clients have to put in a certain amount per month into the IDA?

Staff person: I'm really flexible with that. Other programs are rigid: if you miss a deposit you get a letter and if you miss two deposits, you need to make it up...you stop, you have to submit a plan...others are very stringent...and I think I want to be somewhere in the middle there. I don't have a good answer for that. And a lot of it varies by individual and you don't want to be too flexible because you'll have someone who's in the program for a long time without saving.

Behavioral Economics: "how people actually make financial decisions"



Power of default & Hassle factors



Mental accounting in compartments



We are two different people



Peer influence

10

The power of a goal

Commitment, motivation, sacrifice, discipline



“For me, it's motivation. For me, it's 'OK, I can save money and there's a purpose to it, for me to reach my goal, to buy a home one day. That is something I want to do.' And now having this type of support, this type of motivation, it something that gets me to think, to go ahead with it.”

The power of a goal



Attitude/knowledge change



Behavior/outcome change

“Taking money seriously”



- Tracking expenses
- Reducing spending
- Planning ahead
- Handling bills
- Talking with family about \$\$\$

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“Taking Money Seriously”

Client: Me and my husband, after every class, we have a discussion, and I tell him what I learned... So we created a budget form where we write down like everything that we're spending like daily, trying to minimize things that for him was like spending like every day, like spending \$10 each day for lunch, when we can cook at night and then he can bring his lunch to work, and then see how much money we can save a week.

Jonas: And doing that, writing down everything you spend, is that something you got from here, or did you start doing that before you came?

Client: In here. At first, my husband was like “Oh! Now I have to write down everything that I spend!”, but I was like “Yeah, but it's gonna be for our own benefit, because now we're gonna know where the money is going to. Because I see other people making a lot less than what we make, and they have a different life, and then how come we don't have a house? We need to know where the money is going.” So that was a way for us to find out where the money was going.

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Reaching & Leveraging “taking money seriously”: Stages of Change

1. Pre-Contemplation: not thinking about changing
2. Contemplation: thinking about changing
3. Preparation: getting ready to change
4. Action: changing
5. Maintenance: sticking with the change



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Homebuyer Preparation & Education



The Challenge of Selecting IDA participants

- Most IDA participants are saving for a house (28 out of 30)
- There's enough time for major change, but which clients are ready to succeed in the program?
- Many have other financial goals and challenges (debt, basic necessities, car payment, job stability, etc.)
- Staff must pick IDA participants carefully



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Homebuyer Preparation & Education: Debt

Client debt		
Amount owed	Baseline	Follow-up
Under \$1000	6	6
\$1,000-\$4,999	9	17
\$5,000-\$9,999	2	6
\$10,000 or more	16	7

} Client improvement

Paying off debt	
Amount	# clients
Under \$100	1
\$100-\$200	1
\$200-\$500	4
More than \$500	28

→ Too good to be true?



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Homebuyer Preparation & Education: Cleaning Up Credit

“What was the most important part of this program?”

Follow-up survey:

13% said credit

Focus group

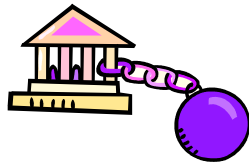
Client 1: Understanding my credit report. That was huge. I didn't understand anything about my credit report until I took this class ... [I pulled it as part of the class] and I realized it wasn't as bad as I thought it was...

Client 2: ...because in the future, credit, that's what is important, if you don't have any credit, it's gonna be harder to get anything.

Homebuyer Preparation & Education: Can clients handle debt & credit themselves?

Factors to consider:

- Complexity and dangers of the financial industry
- Client's specific situation
- Demand on staff time
- Partnerships with debt counseling agencies



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Homebuyer Preparation & Education: Partners

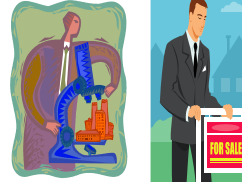
Banks and credit unions



Affordable housing organizations



“the homebuying team”



- Can ask questions and hear “from the horse’s mouth” in a supportive environment
- Links to services and opportunities

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Wrap-up: 3 points

1.
$$\begin{array}{ccc} \text{Attitude/Knowledge Change} & + & \\ & & \text{Support/Opportunities} \end{array} = \text{Behavior change}$$
2. Focus was on IDA...
but most lessons apply to financial education in general
3. Recommendations will be in the final report

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**APPENDIX G:
RETROSPECTIVE OF BUDGETING AND MONEY MANAGEMENT BEHAVIORS**

In the follow-up survey, clients were asked to rank themselves both before and after participating in the financial education course on a number of important areas of financial literacy. This table summarizes that data.

Scale: Never = 1 Seldom = 2 Sometimes = 3 Usually = 4 Always = 5		
Statement	Average score: Before Course	Average score: After Course
I make money management an important part of my life	3.2	4.5
I think about needs vs. wants when spending money	2.9	4.4
I open my bills and keep track of them	3.7	4.6
I pay my bills on time	3.9	4.6
I talk with my family about money issues	2.6	3.4
I use coupons	2.7	3.4
I comparison shop to find the best price	3.7	4.4
I use a budget to track my expenses from last month	2.2	3.9
I use a budget to plan for the future	2.2	4.0
I have long-term financial goals	3.2	4.8

APPENDIX H: EITC BASELINE SURVEY

Instructions:
For each question, make a solid mark that fills the oval completely.

Like this: ● Not like this: ✓ ✗ /

I. GENERAL INFORMATION

1. Gender:

- Male
- Female

2. In what age group are you?

- 0-5 years 24-44 years
- 6-11 years 45-54 years
- 12-17 years 55-69 years
- 18-23 years 70+ years

3. Are you disabled?

- Yes
- No

4a. Do you have health insurance?

- No health Insurance
- Yes, I have health insurance

4b. If YES, what kind? (Choose one)

- Private Health Insurance
- Medicare
- MassHealth/Medicaid
- Commonwealth Care
- Other _____

5. What is the highest level of education that you completed?

- Grades 0-8
- Grades 9-12 (non graduate)
- Grades 9-12 Graduate /GED
- 12+ Some Secondary
- Associates Degree – 2 year college
- Bachelor’s Degree or higher

6a. Your Race:

- American Indian/Alaskan Native
- Asian
- Black/African American
- Hawaiian/Pacific Islander
- White
- Other _____
- Multi-Race (optional)

6b. Your Ethnicity:

- Hispanic
- Not Hispanic

7. What kind of housing do you live in? (Please choose one)

- Rent, no subsidy
- Rent, with subsidy (Section 8, public housing, etc.)
- Own Home
- Homeless
- Staying with other family or friends
- Other _____

8. The following asks about your experience today with the tax preparation services. Please rate how much you agree or disagree with the following statements.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not sure
I was told before coming in what papers I needed to bring to file my taxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I felt comfortable working with the tax preparer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I didn't have to wait too long for my meeting with the tax preparer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hours and location were convenient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would use this tax preparation center again	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9a. Last year did anyone help you with tax preparation?

- Yes No

9b. IF YES, who helped?

- Friend or family
 Community organization
 H/R Block/Jackson Hewitt
 Other Paid Tax Preparer
 Other _____

9c. IF YES, did you pay for the help or was it free?

- Paid Free

II. HOUSEHOLD and EMPLOYMENT INFORMATION

1. What is your total annual household income?

- | | |
|--|---------------------------------------|
| <input type="radio"/> \$0-4,999 | <input type="radio"/> \$30,000-34,999 |
| <input type="radio"/> \$5,000-9,999 | <input type="radio"/> \$35,000-39,999 |
| <input type="radio"/> \$10,000 -14,999 | <input type="radio"/> \$40,000-44,999 |
| <input type="radio"/> \$15,000-19,999 | <input type="radio"/> \$45,000-49,999 |
| <input type="radio"/> \$20,000-24,999 | <input type="radio"/> Over \$50,000 |
| <input type="radio"/> \$25,000-29,999 | <input type="radio"/> Don't know |

2. What are all your sources of income and support? (Please choose all that apply)

- | | |
|---|--|
| <input type="radio"/> Wages/job | <input type="radio"/> Alimony/Support |
| <input type="radio"/> TAFDC/ Welfare | <input type="radio"/> Workers Compensation |
| <input type="radio"/> SSI/SSDI | <input type="radio"/> Food Stamps |
| <input type="radio"/> Social Security | <input type="radio"/> WIC |
| <input type="radio"/> General Assistance | <input type="radio"/> Child Care Vouchers |
| <input type="radio"/> Unemployment Compensation | <input type="radio"/> Rental Income |
| <input type="radio"/> Pension | <input type="radio"/> Interest/ Dividends |
| <input type="radio"/> Veterans' Benefits | <input type="radio"/> Income from own business |

3. What best describes your current working situation? (Please choose only one)

- Unemployed
- Part-time job
- Full time job (35-40 hrs/wk)
- Working more than full time at one or more jobs (more than 40 hrs/wk)
- Self-employed and also working at another job
- Self-employed only

4. What best describes your household?

- Single person
- One Parent (male) with child(ren)
- One Parent (female) with child(ren)
- Two Parents with child(ren)
- 2 or more Adults – no children
- Other _____

5a. Do you have one or more dependent children?

- Yes
- No

5b. What are their ages? (Please check all that apply)

- | | | |
|-------------------------------|-----------------------------|-------------------------------|
| <input type="radio"/> Under 3 | <input type="radio"/> 14-18 | <input type="radio"/> Over 25 |
| <input type="radio"/> 3-13 | <input type="radio"/> 19-24 | |

III. FINANCIAL ACTIVITY

1. What amount of tax refund do you expect for 2007 (that you will receive this year)?

- \$1-\$499 \$3,000-3,999
- \$500-\$999 \$4,000-\$4,999
- \$1,000-\$1,999 \$5,000-\$5,999
- \$2,000-\$ 2,999 \$6,000 or more

2. When you get your 2007 tax refund, do you plan to spend it on any of the following? (Please answer each item)

	Yes	No	Maybe
Use for everyday expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education and/or job training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make a major household purchase- such as a washing machine, refrigerator or TV	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buy or repair a car	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make home repairs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pay off what I owe on credit cards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pay down on other debt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Help family or friends in need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Did you spend last year's tax refund on any of the following? (Please answer each item)

	Yes	No	Don't know
Used for everyday expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education or job training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Made a major household purchase (washing machine, refrigerator, TV, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bought or repaired a car	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Made home repairs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paid what I owed on credit cards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paid other debt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Helped family or friends in need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Do you plan on saving some or all of this year's tax refund when you receive it?

- Yes No

5. How much of last year's tax refund did you save?

- | | |
|--|---------------------------------------|
| <input type="radio"/> None | <input type="radio"/> \$3,000-\$3,999 |
| <input type="radio"/> \$1-\$499 | <input type="radio"/> \$4,000-\$4,999 |
| <input type="radio"/> \$500-\$999 | <input type="radio"/> \$5,000-\$5,999 |
| <input type="radio"/> \$1,000-\$1,999 | <input type="radio"/> \$6,000 or more |
| <input type="radio"/> \$2,000-\$ 2,999 | |

**6. If you are saving some of your tax refund(s), what are your plans for using the money?
(Please choose all that apply)**

- Not saving or planning to save any of it
- Get education or job training for myself
- Get education for my children
- Make a major household purchase (washing machine, refrigerator, TV, etc.)
- Buy or repair a car
- Make home repairs
- Purchase a home
- Start a small business
- Retirement
- Not sure
- Other _____

7. Do you currently have any of the following? (Please answer each item)

	Yes	No	Don't Know
Bank or credit union checking account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank or credit union savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement account (IRA, 401k, 403b, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment in CDs, stocks, bonds, or mutual funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. If you do not have a bank or credit union account, why not? (Please choose all that apply)

- No bank or credit union near me
- I don't like or trust them
- Had a hard time managing my savings/checking account in the past
- I think accounts at banks and credit unions cost too much
- I don't think I qualify for an account
- Other _____

9. When you cash checks, what do you use? (Please choose all that apply)

- Convenience or grocery store
- Check cashing store
- Bank or credit union or ATM
- Other _____

10. Where do you get extra money during the month if you run out? (Please choose all that apply)

- Friends or family
- Credit card
- Pay day lender
- Small loan or finance company
- Bank or credit union
- Other _____

11a. Do you currently have any debt? (Do not include home mortgage)

- Yes No

11b. IF YES, what do you owe money for? (Please choose all that apply)

- Credit card bills
- School loan
- Automobile loan
- Doctor/Hospital bills
- Medicine/Pharmacy bills
- Utility (gas/electric/phone) bills
- Borrowed money from friends or family
- Other _____

11c. If YES, about how much you owe in total? (Do not include home mortgage)

- Less than \$500 \$5,000 - \$9,999
 \$500 - \$999 \$10,000 or more
 \$1,000 - \$4,999

12. Which services have you used IN THE PAST TWO YEARS? (Please choose all that apply)

- | | |
|---|---|
| <input type="radio"/> Fuel Assistance | <input type="radio"/> Housing assistance |
| <input type="radio"/> Head Start/Child Care | <input type="radio"/> Small business development assistance |
| <input type="radio"/> Adult Basic Education | <input type="radio"/> Individual Development Account (IDA) |
| <input type="radio"/> English as a Second Language (ESOL) | <input type="radio"/> Financial literacy education |
| <input type="radio"/> Job skills training | <input type="radio"/> First Time Homebuyer Classes |
| <input type="radio"/> WIC | <input type="radio"/> Other _____ |

APPENDIX I: EITC FOLLOW-UP SURVEY, 2008

Name _____ Code _____ Date _____

1. Did you qualify for the EITC in your 2007 tax return?

- Yes No

IF YES, PLEASE CONTINUE ANSWERING THE SURVEY QUESTIONS.

2. What amount of Tax Refund did you receive for 2007? (Please select one)

<input type="radio"/> \$1-\$499	<input type="radio"/> \$3,000-\$3,999
<input type="radio"/> \$500-\$999	<input type="radio"/> \$4,000-\$4,999
<input type="radio"/> \$1,000-\$1,999	<input type="radio"/> \$5,000-\$5,999
<input type="radio"/> \$2,000-\$ 2,999	<input type="radio"/> \$6,000 or more

3. Have you received your 2008 one-time Economic Stimulus Rebate?

- Yes No

4. If you have received your Stimulus Rebate, what was the amount?

<input type="radio"/> \$1-\$600	<input type="radio"/> \$1,801-\$2,400
<input type="radio"/> \$601-\$1,200	<input type="radio"/> \$2,401 or more
<input type="radio"/> \$1,201-\$1,800	<input type="radio"/> Did not receive it

5. Did you spend your Tax Refund or Stimulus Rebate on any of the following? (Please mark all that apply.)

	Spent Tax Refund	Spent Stimulus Rebate
Used for everyday expenses	<input type="radio"/>	<input type="radio"/>
Education or job training	<input type="radio"/>	<input type="radio"/>
Made a major household purchase (washing machine, refrigerator, TV, computer, etc.)	<input type="radio"/>	<input type="radio"/>
Bought or repaired a car	<input type="radio"/>	<input type="radio"/>
Made home repairs	<input type="radio"/>	<input type="radio"/>
Paid what I owed on credit cards	<input type="radio"/>	<input type="radio"/>
Paid down other debt	<input type="radio"/>	<input type="radio"/>
Helped family or friends in need	<input type="radio"/>	<input type="radio"/>
Used for vacation or other entertainment	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>

6. How much of your Tax Refund did you put into savings?

- None
- \$0-\$499
- \$500-\$999
- \$1,000-\$1,999
- \$2,000-\$ 2,999
- \$3,000-3,999
- \$4,000 or more

7. How much of your Stimulus Rebate did you put into savings?

- None
- \$0-\$600
- \$601-\$900
- \$901-\$1,200
- \$1,201-\$1,500
- \$1,501-\$1,800
- \$1,801 or more

8. If you saved some of your Tax Refund or your Stimulus Rebate, what are your plans for using this money? (Please check all that apply.)

<input type="radio"/>	Did not save any of it
<input type="radio"/>	Pay off future everyday expenses
<input type="radio"/>	Make a major household purchase (washing machine, refrigerator, TV, computer, etc.)
<input type="radio"/>	Get education or job training for myself
<input type="radio"/>	Get education for my children
<input type="radio"/>	Buy or repair a car
<input type="radio"/>	Make home repairs
<input type="radio"/>	Purchase a home
<input type="radio"/>	Start a small business
<input type="radio"/>	Retirement
<input type="radio"/>	Vacation or other entertainment
<input type="radio"/>	Not sure
<input type="radio"/>	Other _____

8. Did you do something different with your Tax Refund or your Stimulus Rebate than you originally planned?

- Yes
- No

If YES, please explain.

9. Would you like to save more of your tax refund next year?

- Yes No

9a. If YES, what would help you to reach this goal?

<input type="radio"/>	Financial education classes ahead of time to help plan
<input type="radio"/>	Join a savings club for support and encouragement
<input type="radio"/>	Debt counseling to manage debt payments
<input type="radio"/>	Help opening a savings account
<input type="radio"/>	Other _____

10. Did you have any of the following before getting your Tax Refund or Stimulus Rebate and did you open any since receiving them? (Please answer each item)

	Had before	Opened since	Don't have
Bank checking account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement account (IRA, 401k, 403b, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment in CDs, stocks, or mutual funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. What could we do to make the experience at the tax preparation center more helpful next year?

**Thank you very much for your time.
 Your responses will help us better serve you and others in the future.
 Your answers to the survey will be kept confidential.
 No written or verbal reports about this survey will identify you.
 If you have any questions, call Sandy Venner at #781-736-8688.**

APPENDIX J: FLE BASELINE SURVEY, 2007

This survey will help us better understand your financial experiences, knowledge and needs. It will also help you think through many of the issues that we will be discussing in this class.

1. How did you hear about this class? (Please answer all that apply)

- Someone at this agency
- Someone at an EITC tax preparation service
- Someone at another agency or program
- Friend or family
- Internet, TV, radio, or newspaper
- Bulletin board/flyer
- Other (please explain) _____

2. Why did you decide to attend this class and what do you hope to get out of it?

3. Who primarily manages your finances?

- Myself My spouse/partner Both me and my spouse/partner
- Another family member Other (please explain) _____

4. Where do you get advice about financial issues? (Please answer each item)

	Never	Sometimes	Often
Family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Co-workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Church, Synagogue, or Mosque	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet, TV, radio, or newspaper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank or financial adviser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Do you currently have any of the following? (Please answer each item)

	No	Yes	Don't Know
Bank checking account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement account (IRA, 401k, 403b, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment in CDs, stocks, bonds, or mutual funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-paid debit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage loan or home equity loan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automobile loan or lease	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Membership in savings or lending club	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Last month, how many times did you do each of the following? (Please answer each item)

	0	1-2	3-5	More than 5	Don't Know
Put money into a checking account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Put money into a savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Used direct deposit for paychecks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Used a check casher	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bought from a rent-to-own center (lay-away plan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gave money to friends or family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Do you regularly save or put money away for the future?

No

Yes

If NO, please answer 7a. and 7b.

If YES, please answer 7c.

7a. If NO, why not? (Choose all that apply)

- I don't bring in enough money
- Saving money is not my goal at this time
- I want to save, but don't know how
- I am paying off my debts first
- Any extra cash goes to help family or friends
- Other (please explain): _____

7c. If YES, how much do you save each month?

- Less than \$20
- \$20 to 100
- More than \$100

7b. If you were to start saving money in a bank account, how much do you think you could afford to put away each month?

- Less than \$20
- \$20 to 100
- More than \$100

8. From the list below, please choose your top three most important reasons to save money.
PLEASE CHOOSE ONLY THREE

1 = most important, 2 = second most important, 3 = third most important.			
Emergencies		Buy a house	
General family needs		Home repair	
Education/ job training for myself		Retirement	
Education for my child		Take a vacation	
Start or expand a business		Contribute to my religious community	
Buy item for my home (TV, computer, washer, furniture, etc.)			
Buy or repair a vehicle		Other (please write in) _____	

9. In the past year, how often have you used the following to get by? (Please answer each item)

	Never	Once	Sometimes	Often
Borrowed money from friends or family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assistance for rent, fuel, or food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Debt repayment or consolidation plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Declared bankruptcy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payday loan or advance on paycheck	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pawnshop to get cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Took an extra job or worked more hours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. How much do the items below get in the way of your saving money and getting ahead?
(Please answer each item)

	Very Much	Somewhat	Not Much	Doesn't apply
High housing costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Medical expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Day to day family expenses (food, clothing, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transportation (car maintenance, gas, public transportation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High utility bills (electricity, gas, phone)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paying off mortgage, home equity, or student loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paying off credit card debt or personal loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low-paying job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unemployment or lack of steady employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I don't know how to manage my money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please explain) _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Do you owe money at this time?

This DOES NOT include money owed on a home mortgage, but DOES include: school loans, business loans, other loans, a car lease, credit cards, utilities, borrowed money from friends or family, medical bills; taxes; etc.

- Yes No Not sure

11a. If YES, about how much total money do you owe?

- Under \$200 \$200 to \$499 \$500 to \$999 \$1,000 to \$4,999 \$5,000 to \$9,999 \$10,000 or more

12. Please indicate if you agree with the following statements:

	Strongly Disagree	Disagree	Agree	Strongly Agree
I know how to manage my money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel able to set and achieve my financial goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know about the services offered by banks and credit unions and how to use them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know how to recognize and avoid dangerous loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know what government programs and benefits I am eligible for and how to apply for them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Thinking about the next 12 months, what money issues concern you the most?

14. Thinking about the next 12 months, what are your financial goals?

15. Which services have you used IN THE PAST TWO YEARS? (Please choose all that apply)

- | | |
|--|---|
| <input type="radio"/> Fuel Assistance | <input type="radio"/> Housing Assistance |
| <input type="radio"/> Head Start/Child Care | <input type="radio"/> Free Tax Preparation |
| <input type="radio"/> Adult Basic Education | <input type="radio"/> Individual Development Account (IDA) |
| <input type="radio"/> English as a Second Language (ESL) | <input type="radio"/> Financial Literacy Education |
| <input type="radio"/> Job Skills Training | <input type="radio"/> First Time Homebuyer Classes |
| <input type="radio"/> WIC | <input type="radio"/> Small Business Development Assistance |

16. Is there someone at this agency whom you feel comfortable talking with about your financial issues or questions?

- Yes No I don't know

Background Information

1. Gender _____

2. Age _____

3. Do you have a disability?

- Yes
- No

4. What is your race/ethnicity?

- American Indian/Alaskan Native
- Asian
- Black/African American
- Hawaiian/Pacific Islander
- Hispanic - White
- Hispanic - Black
- White
- Multi-Race

5. What is your education level?

- Grades 0-8
- High School (did not graduate)
- High School (graduated/received GED)
- High School plus some college
- Associates Degree – 2 year college
- Bachelor's Degree or higher

6. Which best describes your current living situation? (Please choose one)

- Rent, no subsidy
- Rent with subsidy (Section 8, public housing, etc.)
- Own Home
- Homeless
- Temporarily staying with a family member or friends

- Other (please describe) _____

7. Which best describes your household?

- Live Alone
- Single Parent
- Living with spouse or partner
- Living with 1 or more adults (not related)

- Other (Please describe) _____

8. What are the ages of the children that currently live in your household?

9. Which best describes your current working situation? (Please choose all that apply)

- Unemployed
- Working part time
- Working full time (35-40 hrs/wk)
- Working more than full time (more than 40 hrs/wk)
- Have more than one job
- Homemaker

- Other (Please describe) _____

10. What are all of your household sources of income and support? (Choose all that apply)

- | | |
|---|---|
| <input type="radio"/> Wages/job | <input type="radio"/> Alimony/Child Support |
| <input type="radio"/> TAFDC/ Welfare | <input type="radio"/> Workers' Compensation |
| <input type="radio"/> SSI/SSDI | <input type="radio"/> Food Stamps |
| <input type="radio"/> Social Security | <input type="radio"/> WIC |
| <input type="radio"/> General Assistance | <input type="radio"/> Child Care Vouchers |
| <input type="radio"/> Unemployment Compensation | <input type="radio"/> Rental Income |
| <input type="radio"/> Pension | <input type="radio"/> Interest/ Dividends |
| <input type="radio"/> Veterans' Benefits | <input type="radio"/> Other (Please describe) _____ |

11. What is your total annual household income?

- | | |
|--|---|
| <input type="radio"/> \$0-4,999 | <input type="radio"/> \$30,000-34,999 |
| <input type="radio"/> \$5,000-9,999 | <input type="radio"/> \$ 35,000-39,999 |
| <input type="radio"/> \$10,000 -14,999 | <input type="radio"/> \$ 40,000-44,999 |
| <input type="radio"/> \$15,000-19,999 | <input type="radio"/> \$ 45,000 -49,999 |
| <input type="radio"/> \$20,000-24,999 | <input type="radio"/> \$ 50,000 -54,999 |
| <input type="radio"/> \$25,000-29,999 | <input type="radio"/> Over \$55,000 |

12. Did you file for an EITC (Earned Income Tax Credit) refund for the 2006 tax year?

- No Yes

**12a. If YES, what did you do or plan to do with the refund money?
(Please answer each item)**

	Yes	No	Maybe	Don't know
Use for everyday expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Put it into a savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Put it into a retirement savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribute to an IDA program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use for education and/or job training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make a major household purchase- such as a washing machine, refrigerator or TV	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buy or repair a car	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make home repairs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pay off what I owe on credit cards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pay down on other debt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please describe) _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

One final question

May we or our representative contact you in a few months to ask some more questions about your interests and needs as we continue to develop our programs?

- No.** Please do not call me with any further questions.
- Yes.** You may call or write to me to ask some follow up questions in about six months.

If YES, Please complete the information below

First Name: _____ Last Name: _____

Address: _____

City: _____

State and Zip: _____

Telephone: _____

Email: _____

Signature: _____

Date: _____

**Thank you for taking the time to complete this survey.
This information will help us plan services and
programs to better meet your needs.**

APPENDIX K: FLE FOLLOW-UP SURVEY

This is an opportunity for you to let us know about your experiences in the course and to offer suggestions for improvement.

1. The course consisted of 6 to 8 classes. How many classes did you miss?

- 0 (I attended every class)
 1
 2
 3 or more

2. Are you currently in [AGENCY]'s IDA program?

- No
 Yes

If you answered NO, please complete 2a. If you answered YES, please complete 2b. and 2c.

2a. Do you want to get into the IDA program or learn more about it?

- No
 Yes

2b. Which asset are you saving for (House, Education, or Small Business)?

2c. How much have you put into your IDA account (do not count the match that [AGENCY] puts in)

- 0\$
 Under \$100
 \$100 to \$200
 \$200 to \$500
 More than \$500

3. Do you currently have a:

	No, but I plan to this year	No	Yes	I Don't Know
Checking account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement account (IRA, 401k, 403b, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investments (CDs, stocks, mutual funds, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-paid debit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Life Insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Money saved for an emergency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. How much you agree or disagree with each statement:

	Strongly Disagree	Disagree	Agree	Strongly Agree
I know how to manage my money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to set and achieve my financial goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know about the services offered by banks and credit unions and how to use them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know how to recognize and avoid dangerous loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know what government programs and benefits I am eligible for and how to apply for them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Thinking about the next 12 months, what money issues concern you the most?

6. Thinking about the next 12 months, what are your financial goals?

7. Do you currently owe money/have debt? (DO NOT INCLUDE HOME MORTGAGE DEBT)

- Yes No I don't know

If you answered YES, please complete 7a. and 7b. Otherwise, please skip to 8.

7a. About how much money do you owe?

- Under \$200 \$200 to \$499 \$500 to \$999 \$1,000 to \$4,999 \$5,000 to \$9,999 \$10,000 or more

7b. Since taking the course, about how much debt have you been able to pay off?

- 0\$ Under \$100 \$100 to \$200 \$200 to \$500 More than \$500

8. Since taking the course last year, has your income increased, decreased, or stayed the same?

- Increased Decreased Stayed the Same

8a. If your income has changed, please explain why:

9. Since taking the course, which services have you used at [AGENCY]

- Fuel Assistance
- Head Start/Child Care
- Adult Education or Job Skills Training
- WIC
- Housing Assistance
- Free Tax Preparation
- First Time Homebuyer Classes
- Small Business Development Assistance

10. This question asks you to think about changes you've made in your life since taking the course. Please rate yourself 1 to 5 in both Column A and Column B.

Never = 1 Seldom = 2 Sometimes = 3 Usually = 4 Always = 5		
	COLUMN A: BEFORE THE COURSE (MAY-JUNE 07)	COLUMN B: NOW (FEB 08)
I make money management an important part of my life		
I think about needs vs. wants when spending money		
I open my bills and keep track of them		
I pay my bills on time		
I talk with my family about money issues		
I use coupons		
I comparison shop to find the best price		
I use a budget to track my expenses from last month		
I use a budget to plan for the future		
I have long-term financial goals		

11. Do you or an immediate family member work at [AGENCY]? Yes No

12. Is there someone at [AGENCY] whom you feel comfortable talking with about your financial issues or questions?

- Yes
- No
- I don't know

13. What are the 1 or 2 most important things you got from this course?

14. What could be improved about this course for the future?

THANK YOU FOR COMPLETING THE SURVEY!!!

**APPENDIX L:
RESPONDING TO CHALLENGES
IN FINANCIAL EDUCATION PROGRAMMING**

Several challenges to financial education programming were initially identified by staff during the February 2007 meeting. This document provides ideas and resources for addressing these challenges. It is organized into four sections

1. Recruiting Effective Teachers
2. Recruitment and Retention of participants
3. Choosing Appropriate Curriculum
4. Financial Literacy & Education Resources for Community Action Agencies in Massachusetts

Recruiting Effective Teachers

Many staff members struggle to bring effective teachers to their financial education classes. Below are several sources of potential teachers:

1. Former participants

- They can speak from experience and provide inspiring stories of success. They can often relate best to the challenges that current participants face.
- They may be able to assist with language translation.
- For an example, see *Making Change: A Popular Education Strategy to Build Financial Literacy and Access in California* at <http://www.saje.net/atf/cf/%7B493B2790-DD4E-4ED0-8F4E-C78E8F3A7561%7D/makingchange.pdf>

2. Banks and Credit unions

- Having a banker in the room provides an opportunity for participants to ask questions and “hear it from the horse’s mouth”
- Bankers are gatekeepers of important information and opportunities. Branch managers have some level of power that the program can leverage.
- For more information, see the FLLIP Financial Education Program Tool Kit at <http://www.povertylaw.org/advocacy/community-investment/fllip-toolkit/Tool%20Kit.pdf>
- For a list of banks that provide low-cost, low-fee accounts, see http://mcbc.info/basic_participating

3. Local financial education providers

There are now many financial education providers in Massachusetts that could provide teachers for your program. Below are three useful websites that list of financial education providers and/or publish a calendar of trainings:

- Members of the FDIC New England MoneySmart Alliance are trained to teach the MoneySmart Curriculum
<http://www.fdic.gov/consumers/consumer/moneysmart/members/membystate.html>

- MassSaves is project of the MIDAS collaborative; this site provides a calendar of trainings, <http://www.massassets.org/masssaves/home.php>
- Citizens' Housing and Planning Association provides a calendar of homebuyer workshops and a listing of homebuyer counseling agencies, <http://www.chapa.org/?q=node/31>

Some General Thoughts:

- Teacher quality is arguably the most important factor in the success of a financial education program, so developing effective teachers should be a top priority.
- Financial Education often is team-taught. Look to balance the experience and expertise of your teachers. For example, let a banker and a previous student teach together.
- Having more than one teacher can be valuable for breaking down into small groups and providing more individualized learning.
- Explore developing a mutually-beneficial partnership with the organizations and companies from where you recruit your teachers. Think about these organizations and companies as more than just “sources of teachers”.

Recruitment and Retention of Clients

Many programs struggle to get enough clients to sign up and consistently attend classes.

Two overall principles for increasing participant recruitment and retention:

1. Clients are more likely to consistently attend classes if they have compelling reasons to do so. These reasons can be psychological, social, and material.
2. Clients are more likely to consistently attend classes if barriers to attendance are minimized or eliminated.

With these principles in mind, below are several suggestions for implementing them:

- Think critically about and clarify program goals from the participants' perspective: Why should they come? What are they going to get out of this class? How will the program improve their lives and their families' lives?
- Foster client commitment to the program: leverage the power of peer pressure, consider charging a small fee for the program, focus on the goals, etc.
- Offer incentives for remaining in the class and graduating. Examples include food, child care, transportation vouchers, bank accounts, access to opportunities, graduation ceremony, certificate of completion, etc.
- Entice people with an introductory session that provides some useful and practical tips on topics such as saving money, reducing spending, and cleaning up credit.
- Use the full range of mass media: Internet, TV, radio, newsletters, flyers, etc.
- Work with partnering agencies and organizations to provide referrals. Add your trainings to their calendars
- Hold orientation sessions or interviews with participants before the first class to build the relationship and so you can hit the ground running on the first class
- Hold a "Bring Your Partner/Friend/Child to Class" session
- Give homework to keep clients engaged
- Empower previous graduates to tell their success stories through their networks and the mass media (newspapers, newsletters, local access TV, etc.)
- Educate the staff at your agency about the program so they can refer clients to it

- Provide the program for staff at your agency so they can use it in their own lives and, when appropriate, with their clients

There is much more information on this topic on the many of the websites listed at the end of this document. Below are some particularly useful resources:

- Implementing a Financial Education Program in Your Community for a guide on moving from needs assessment to program design to recruitment.
http://www.dupontfund.org/learning/pdfs/implementing_financial_ed.pdf
- FLLIP Financial Education Program Tool Kit: A Guide to Recruiting and Retaining Participants for: sample recruitment materials, tips for recruitment through the media and other methods (flyers, referrals), tips on how to keep classes exciting, and the importance of offering incentives to participants,
<http://www.povertylaw.org//advocacy/community-investment/fllip-toolkit/Tool%20Kit.pdf>

Choosing & Using Financial Education Curriculum

A common question that many practitioners ask is “what is the best curriculum to use?”

The answer is that there is no one best curriculum, but you want to use materials that are tailored to and appropriate for your clients. Further, it doesn't matter how good a curriculum is if the teacher quality is low. The opposite is true: a great teacher can transform a mediocre curriculum into an excellent learning experience.

A few suggestions:

- Use the curriculum as a guide, not a cookbook: you don't have to follow it exactly. Many practitioners mix and match from different curricula to tailor them to their specific program. On the other hand, it is important to maintain consistency by having a common base.
- Focus on learning activities that have immediate relevance to clients' lives
- Minimize lecturing elements and maximize discussions and activities
- Utilize the Internet to complement your materials (refer to the websites at the end of this document)

There are now many Financial Education curricula for a wide range of audiences (children and youth, homebuyers, poor people, recent immigrants, retirees, etc) and in a wide range of media (book and workbook, website, etc.). The Mayors' National Dollar Wi\$e Campaign has produced an excellent matrix of financial education curricula, which is reproduced in the following pages.

Mayors'
National Dollar
WiSe Campaign
FINANCIAL EDUCATION
FOR AMERICA



FINANCIAL EDUCATION CURRICULUM MATRIX

2008 + 09



THE UNITED STATES CONFERENCE OF MAYORS
COUNCIL FOR THE NEW AMERICAN CITY

NATIONAL FINANCIAL LITERACY RESOURCES

JA Finance Park

JUNIOR ACHIEVEMENT | Offers students personal financial management and career exploration through classroom instruction and active participation in a simulated community. The curriculum serves as an integrated unit to prepare students for an all-day visit to JA Finance Park.

NeighborWorks

THE NEIGHBORWORKS NETWORK | Includes the neighborhood revitalization and educational services offered by Neighborhood Reinvestment Corporation, Neighborhood Housing Services of America, and a national network of public and private partnerships. Through their "Financial Fitness Training Program" local NeighborWorks affiliates teach the basics of finances and consumer skills such as setting financial goals, assets and liabilities, and using banks wisely.

www.nw.org/network/pubs/studies/documents/finfitstartup.pdf
www.nhsnyc.org/content/buy/homebuyer_education.html

National Foundation for Credit Counseling

A national nonprofit network of 1,450 Neighborhood Financial Care Centers designed to provide assistance to people dealing with stressful financial situations.

www.nfcc.org

360 Degrees of Financial Literacy

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS | Articles and fact sheets on topics covering homeownership, retirement planning, money management, credit, and many other subjects.

www.360financialliteracy.org

NATIONAL FINANCIAL EDUCATION CLEARINGHOUSES

Financial Literacy and Education Commission

A partnership of 20 federal agencies, maintains the MyMoney.gov Web site and 1.888.MYMONEY toll-free hotline that provide access to a wide variety of publications and tools that can assist consumers better understand their money—how to save it, invest it, and manage it wisely to meet important personal goals.

www.mymoney.gov

OTHER RESOURCES

Corporation for Enterprise Development

Promotes asset-building and economic opportunity strategies, primarily in low-income and distressed communities, that bring together community practice, public policy, and private markets. CFED has promoted the IDA as a means of enabling low-income individuals to develop assets and is currently drafting certification standards for IDA Programs. CFED coordinates the American Dream Demonstration (ADD), a large-scale IDA program which has designed and implemented IDA initiatives in 13 locations around the country.

www.cfed.org

Assets for Independence Demonstration (AFI)

The first federal law to fund IDA programs. Administered by the U.S. Department of Health and Human Services, this initiative has been authorized to fund 5-year project grants to establish new IDAs across the country.

www.acf.hhs.gov/assetbuilding/assets.html

Federal Reserve System

The Fed has developed a campaign to call attention to the importance of personal financial education entitled "There's a Lot to Learn about Money." The campaign includes public service announcements as well as educational resources.

www.federalreserveeducation.org

Federal Citizen Information Center

Publishes a *Consumer Information Catalog* four times a year containing over 200 free and low-cost publications of practical interest to consumers. Also produces one of the most popular federal publications, the *Consumer Action Handbook*, and its Spanish-language companion, the *Guía del Consumidor*.

www.pueblo.gsa.gov | www.ConsumerAction.gov | www.consumidor.gov

JumpStart Coalition for Personal Financial Literacy

JumpStart maintains a clearinghouse of resources that seek to promote financial literacy.

www.jumpstartcoalition.org

additional resources



The United States Conference of Mayors

Manuel A. Diaz
Mayor of Miami
President

Greg Nickels
Mayor of Seattle
Vice President

Elizabeth B. Kautz
Mayor of Burrsville
Second Vice President

Tom Cochran
CEO and Executive Director

1620 Eye Street NW
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usmayors.org

Council for the New American City

2008 Members
American Management Services, Inc.
Cherokee Investment Partners, LLC
Countrywide Financial Corporation
DuPont
Fannie Mae
Initiative for a Competitive Inner City
International Council of Shopping Centers
Mortgage Bankers Association
National Association of Home Builders
National Association of REALTORS®
National Urban League
Nationwide Retirement Solutions
Safeguard Properties
Wells Fargo

Jerry Abramson **Antonio Villaraigosa**
Mayor of Louisville Mayor of Los Angeles
Co-Chairs, Council for the New American City

Dave Gatten
Director, Council for the New American City

MAYORS' NATIONAL DOLLAR WISE CAMPAIGN FINANCIAL EDUCATION CURRICULUM MATRIX | 2008 ▶ 09

This *Matrix* highlights items that are among the best financial education materials currently available, specifically chosen for their high quality, availability, and low cost.

What is the *Matrix*?

The *Dollar Wise Financial Education Curriculum Matrix* lists comprehensive curriculum materials that will assist cities, their mayors, and their staffs to enhance their local financial education efforts. These items meet the financial education needs of a wide variety of audiences.

The easy-to-use format allows you to locate just the curriculum item you need for your target group. Items in this *Matrix* cover a variety of topics, including banking, budgeting, and savings; credit management; homeownership; and retirement planning.

How this *Matrix* was compiled

The curriculum items in this *Matrix* were specifically chosen for their high quality and availability. They are widely accepted standards in the field of financial education, produced by national organizations that are actively engaged in increasing financial literacy. These items are easily accessible

in print, on CD-ROM, and/or online. These organizations offer their materials for free or low cost to Dollar Wise local campaigns.

A panel of financial education experts chosen by the Dollar Wise advisory board selected the items included in this *Matrix*. These experts carefully measured each item against standards established by the advisory board.

Additional resources

This *Matrix* also lists additional resources that can enhance local financial education efforts. These include national financial literacy resources and clearinghouses, among others.

Updates & feedback

We welcome any feedback you can offer—praise, criticism, suggestions, and new ideas—on this publication. Additionally, please notify the Mayors' National Dollar Wise Campaign if it appears that a listing in this document is incorrect or outdated. Thank you.

FOR MORE INFORMATION

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www.dollarwiseonline.org

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OF RECOMMENDED CURRICULA

General curricula

10 Money Smart

Retirement planning

6 Investing for Success
7 Late Savers Guidebook

Banking/budgeting/savings

4 High School Financial Planning Program
6 Investing for Success
7 Late Savers Guidebook
9 Mind Your Finances
10 Money Smart
12 Young Money | Grab Todd's Cash

Credit management

1 Credit Booster
2 CreditSmart
8 Mind Your Finances Classroom Edition
9 Mind Your Finances
10 Money Smart
12 Young Money | Grab Todd's Cash

Homeownership

3 Freddie Mac Homebuyer Resources
5 Homeownership Basics Online
10 Money Smart
11 Preparing to Buy a Home—Your Personal Workbook

PLEASE RECYCLE

Financial Literacy & Education Resources for Community Action Agencies in Massachusetts

- **Financial Education Community Toolkit**

A website by United Way of Massachusetts Bay and Merrimack Valley, in partnership with Bank of America, that provides a range of tools for the development and implementation of quality financial education programs. The site has extensive links on: key resources, best practices, instructor training, impact evaluation, and consumer information.

<http://www.financialedtoolkit.org/>

- **Citizens' Housing and Planning Association (CHAPA)**

CHAPA is a non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts. CHAPA provides a number of useful resources and directories, including: a list of homeownership programs, homebuyer counseling agencies, programs, and housing lotteries

<http://www.chapa.org/>

- **MassSaves**

MassSaves aims to improve and expand financial education in Massachusetts and provide people in Massachusetts the best opportunities to build skills and wealth by accessing online and local community resources. The site was developed by the Midas Collaborative, a statewide group of community-based non-profit organizations committed to assisting low-income residents to build assets and achieve greater economic stability.

<http://www.massassets.org/masssaves/home.php>

- **FDIC's Money Smart Alliance**

This an alliance of organizations that significantly promotes and/or enhances the implementation of the FDIC's *Money Smart* curriculum

<http://www.fdic.gov/consumers/consumer/moneysmart/members/index.html>

- **FDIC Boston and Worcester Alliance for Economic Inclusion**

These are regional coalitions has formed to identify barriers and opportunities, and develop products and marketing strategies to reach underserved populations. The coalitions consist of: financial institutions, community-based organizations, researchers,

employers, faith-based organizations, state and local governmental agencies, federal bank regulators, and bank trade associations.

<http://www.fdic.gov/consumers/community/AEI/regional/Boston.html>

- **State Treasurer Timothy Cahill's Financial Education Website**

The Treasurer promotes a range of financial education projects.

<http://www.mass.gov/?pageID=tretopic&L=2&L0=Home&L1=Financial+Education&sid=Ctre>

- **Massachusetts Jump\$tart Coalition**

The Jump\$tart Coalition for Personal Financial Literacy is a national coalition of organizations dedicated to improving the financial literacy of kindergarten through college-age youth by providing advocacy, research, standards and educational resources. Jump\$tart strives to prepare youth for life-long successful financial decision-making. They promote a number of programs and sponsor a Massachusetts coalition.

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<http://www.jumpstart.org/index.cfm>

<http://www.majumpstart.org/>

- **National Endowment for Financial Education (NEFE)**

NEFE is one of the most important organizations in the country focused on financial education. They focus on a range of areas, including: a High School Program, Research and Strategy, Grantmaking, Evaluation, Facilitator Development, Strategic Programs and Alliances, and Public Policy

<http://nefe.org/>

- **MyMoney.gov**

MyMoney.gov is the U.S. government's website dedicated to teaching all Americans the basics about financial education. The site has a range of tools and resources.

<http://mymoney.gov/>