Using *Promotoras* to Deliver Financial Education in Low-Income Communities

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An increasingly complex financial landscape and the current uncertainties in the U.S. economy have exacerbated the financial planning challenges of low-income households. These households lacked adequate financial literacy and were historically underserved by the mainstream financial sector. The recent growth of predatory lending practices and the increase in "fringe" financial institutions have put low-income families at further risk of economic instability (Jacob, Hudson, & Bush, 2000). In this economic climate, these families must acquire the skills necessary to navigate the financial system. Alternative models of financial education may be needed to mitigate the educational gaps in some at-risk communities (Anderson, Zhan, & Scott, 2004; Jacob, Hudson, & Bush, 2000; Lyons, Chang, & Scherpf, 2006).

This study explores a *promotora* model of delivering financial education in three low-income communities in a large South Texas city. *Promotoras* functioned as community-based, lay financial coaches. By sharing the same cultural identity as the targeted outreach population, the *promotoras* sought to build social capital and to channel financial education to families who were outside of the financial mainstream. Based on data from in-depth interviews with participants in the initiative, this exploratory study suggests that a *promotora* model might be an effective, innovative way to deliver financial education to immigrant, low-income communities.

Literature Review

Financial Education

Traditional financial education programs are often successful at increasing financial knowledge and fostering positive behavioral change, and they vary widely in their aim, scope, and target

audiences (Jacob, Hudson, & Bush, 2000; Lyons, Chang, & Scherpf, 2006). Traditional programs targeted to high school audiences have improved knowledge and financial behavior (Bernheim, Garrett, & Maki, 2001). Programs that are offered in the workplace, which generally focus on retirement planning, have also been successful at improving saving practices (Bernheim & Garrett, 1996; Garman, Kim, Kratzer, Brunson, & Joo, 1999). Other programs that focus solely on particular financial topics such as homeownership counseling (Hirad & Zorn, 2001) or utilizing IDA programs (Schreiner, Clancy, & Sherraden, 2002) or credit counseling (DeVaney, Gorham, Bechman, & Haldeman, 1996) have also been shown to be effective interventions for boosting financial literacy.

However, these traditional models of delivering financial education often remain inaccessible or impractical for many segments of the low-income population. Negative schooling experiences such as dropping out of high school may limit involvement in school-based programs, and employment in low-wage, service-oriented jobs limits exposure to programs offered through the workplace (Anderson, Zhan, & Scott, 2004). In immigrant communities, perceptions of banks, mistrust of the financial system, and traditional attitudes about money management represent additional barriers to recruitment, engagement, and retention efforts (Toussaint-Comeau & Rhine, 2000).

Alternative and novel approaches may be needed to reach families outside of the financial mainstream. For example, Spader, Ratcliffe, Montoya, & Skillern (2009) found that a program delivered as part of a Spanish-language soap opera, *Nuestro Barrio*, was successful at reaching Latino immigrants and raising awareness about financial issues. These scholars suggest that this approach and others using media may go a long way towards complementing traditional financial literacy programs.

The Promotora Model

The *promotora* model is a culturally competent approach to community outreach that centers on training community residents to serve as liaisons between organizations and the target community (Brach & Fraserirector, 2000). A *promotora* typically shares a similar cultural identity and speaks the same language as that of the community residents (Castro, Coe, & Gutierres, 1996). Sharing a common identity is important because "a crucial task of the *promotora* is to educate while reinforcing the shared identity of community residents," a job that "involves understanding and endorsing the shared traditional language, values, attitudes, and beliefs" (Harwood, 1981, as cited by Castro, Coe, & Gutierres, 1996, p. 335).

The *promotora* model has been found effective in the health care sector. For example, the 'Border *Salud* Strategic Initiative' and '*Salud Para Su Corazón* Initiative' used *promotoras* to educate people living on the U.S.-Mexico border about the risks of cardiovascular disease and diabetes (Ingram, Gallegos, & Elenes, 2005; Rodriguez-Saldaña, 2005). Similar initiatives have also been successful using *promotoras* to improve access to health care for Latinos living in rural areas (Sherrill et. al., 2005), provide prenatal education and interventions for low-income Latino women living in migrant worker communities (Meister, Warrick, de Zapin, & Wood, 1992), inform communities about pesticide safety and proper use (Forster-Cox, Mangadu, Jacquez, & Corona, 2007), and raise awareness about domestic violence against women (Kelly, Lesser, Peralez-Dieckmann, & Castilla, 2007). The success of these campaigns establishes a strong precedent for using the *promotora* model in financial education.

Program Background and Data Collection

The *promotora* model presented in this study was utilized in a financial capacity building initiative in three low-income communities in a large city in South Texas. The initiative involved four community social service organizations serving nine of the

lowest income zip codes in this city. The participating organizations used a total of twenty-two *promotoras* over the course of two years to deliver financial education to marginalized or hard to reach families living below 200 percent of the poverty line. The target communities were predominantly Latino and African American.

Because the focus of the research was to assess the program satisfaction of participants, in-depth interviews were employed as the principal method of data collection. A total of 46 respondents participated in semi-structured individual and focus group interviews between February and June of 2009. The interviews, which were conducted at three different sites, included 26 families, 17 *promotoras*, and 3 community organization coordinators. With the exception of the three coordinators, all respondents were recruited for interviews using a snowball sampling technique. In the first stage of sampling, coordinators issued a notice to their *promotoras* to voluntarily participate in the research. In the second stage, participating *promotora* respondents in turn recruited program families to be interviewed. Finally, participating families encouraged other families to participate.

Three separate interview instruments were tailored to the three types of participants in the sample: *promotoras*, families, and coordinators. The same instrument was used in both focus groups and in-depth interviews. Often the study team planned a focus group, but only one or two participants showed up. Then the team conducted separate in-depth interviews with those participants who showed up. By the end of the study, the study team conducted a total of 5 focus groups and 33 individual interviews. The investigators transcribed the interviews and coded them for themes based on the original research questions and objectives of the program evaluation. All coding was done using the qualitative software program Atlas.ti. The data presented in this study were selected as typical examples of individuals involved in the *promotora* model.

Promotoras as Financial Coaches

The appropriation of the *promotora* model from a health care context to a financial literacy application appears to be an innovative channel of delivery for financial education. The *promotoras* act as financial coaches with the aim of providing financial education and promoting positive financial planning behaviors for residents in low-income communities. *Promotoras* were charged with recruiting community residents in neighborhoods around each of the three program sites and maintaining a relationship with these residents over a significant period of time (usually several months). The *promotoras* usually met weekly with 5 to 6 families on their caseload to discuss financial issues, develop financial plans, and supply information about financial resources in the community. Although there was no set curriculum to follow, the organizations (via the *promotoras*) tried to establish a general road map with benchmarks for the families to meet. The relationships operated on a voluntary basis and ended either when the families felt financially stable or disengaged for personal reasons.

Themes from the Field

Raising Awareness: "I can show them that there's (sic) other resources out there"

Resources such as food stamps, childcare assistance, and Medicaid are often underused because eligible people do not know about them or cannot get to them (Anderson, 2002). Many of the *promotoras* mentioned that community resources are often available, yet underused, due to lack of access or awareness. Christina, a *promotora* in the program for seven months at the time of the interview, made this observation: *"I think there are enough resources out there....They probably don't know that there are resources to help them get back on their feet financially and set them straight. They probably would not know about that, and the only reason is*

that they hear it from someone else....I didn't know there was a resource [program] like this if it weren't for my sister."

Christina's observations testify to the importance of raising awareness about financial resources in the community, and as a *promotora* she can provide valuable information to families.

Another *promotora*, Felicia, similarly emphasized her role in raising awareness about community resources. She notes: *"It has been very effective for the families as far as education. Families don't even know that they could open second-chance checking accounts. Things like that. Things that the family didn't know or were afraid because of their status or how they would be characterized or what have you. We're telling them about what's going on in the VITA....there's a lot of families that even didn't know about it."*

Both Christina and Felicia's comments demonstrate their roles in making families aware of basic financial resources such Volunteer Income Tax Assistance (VITA) sites, Earned Income Tax Credit (EITC) benefits, and Individual Development Account (IDA) programs.

Promotoras in the program also viewed their role as being a link between community resources and families. For example, Rachel referred to her role as a "resource network." She notes: *"We go out in the community and recruit families that are looking to maybe build their financial capacity as far as opening up a checking account, buying a home, helping them with their credit, helping them access resources....I always call it a resource network, that's what we are, that what we do, we give them the resources, and then it is up to the families to go and take advantage of those resources."*

Resources are often embedded in social networks, and through such networks families can engage financial institutions and community organizations to access available resources.

Interviews with program participants also suggest that the *promotora* initiative has played an important role in helping them become aware of resources. As he reflected on his own experience working with a *promotora* on his financial goals, Mr. Howard stated: *"He has been very clear about the resources that are available. Just the knowledge that there are things out there....Before I got into the*

project, the program, I kind of felt that I was pretty much on my own, but since I now have the feeling that there's something else there, somebody out there that's maybe able to help me with situation."

Melody, a program participant, noted how her *promotora* has helped her to become aware of community resources essential for successful financial planning. She stated: *"She [promotora] sometimes just calls me when there are different opportunities available, as far as, if I need help with getting food, or if I need help with daycare. She has let me know that there are resources out there that can help me....helping me with the IDA [Individual Development Account] program. It has been helpful. I mean, I appreciate the program....She will keep me on track."*

The experiences presented above of both *promotoras* and program participants demonstrate that a *promotora* model can effectively serve to both raise awareness of and connect families to community resources that can assist families achieve successful financial planning.

Teaching Basic Financial Management Skills: "I just wanted to make it"

Low-income households are less likely to save, invest, and use a monthly budget than higher income households. Although these basic financial behaviors are essential building blocks to successful financial planning, limited education prevents many low-income households from acquiring these skills. The *promotora* model of providing financial education may be an effective tool to help low-income families develop basic financial management skills.

Several of the families interviewed found themselves in challenging financial straits without the skills to alleviate their financial distress. Juanita, a young Latina woman who was divorced and raising four children on her own, found herself in a financial situation characterized by overspending, living paycheck to paycheck, and struggling to pay the bills every month. Since becoming aware of the program and developing a relationship with a *promotora*, she started implementing small steps to establish financial stability for her family. Juanita describes her initial

motivations for entering the program: *"We started off planning the budget, taking everything out, and she asked me what I wanted to do? I said: "I just want to be able to make it. I want to be stabilized for the kids, for myself, I don't want to depend on anyone." So she got my budget going, with what I was earning and everything, and it helped a lot because actually now I can say that I have a budget, and I can take care of what I have. I am not much of a spending person anyway, but now I don't overspend."*

Juanita's experience is revealing because it illuminates the basic challenges that impede low-income persons from establishing financial stability, and for many people learning basic financial management skills like budgeting and saving money are the stepping-stones to a more stable financial situation. For Juanita, her initial successes were attributed to working with a knowledgeable person who cared about her financial struggles, helped her to put some basic financial planning pieces in place, and enabled her to finally "make it."

As individuals move beyond basic financial management practices, there are competencies that are required to ensure that resources can be successfully acquired. For George, a participant in the program, navigating the bureaucracy of financial organizations represented a special challenge. Below he notes how working with a *promotora* helped him to successfully manage the paperwork requirements for accessing resources and enrolling in a training course: *"We go to all these places and they give me and my wife all these things to fill out, and we're like, 'well we don't understand.' I never knew there was somebody like that [promotora] to help us to fill out what we needed to fill out. We went to a lot of courses, and people would say 'Well, here's the paperwork.' I mean if you don't understand what you're filling out, then you get stuck....you need somebody that knows what's going on."*

George's comments suggest that a knowledgeable person can serve an important role in helping families develop the competencies necessary to further their financial planning, such as opening bank accounts, enrolling in community-based programs, and accessing resources.

The experiences presented above suggest that a *promotora* model may be an effective approach to help families develop financial planning skills and habits. Because *promotoras* are not restricted by specific goals or objectives, they can provide financial education that is flexible and tailored to the needs of their families.

Building Relationships: "It's important that someone's out there caring"

Social networks are an important resource of financial information for low-income individuals (Chang, 2005). Moreover, the development of trusting relationships in social networks can create stronger social ties, which people can use to obtain a range of information (Putnam, 2000). A *promotora* model seems to promote social capital, trust, and ultimately access to resources. In the following comments Christina underscores the point that the relationships are indispensable for successful outcomes: *"If they don't see that we're trying to help them, they're going to be a little unreceptive, and they will say 'well, you know what, they're not helping me, I don't see the need.' If you get them going, if you're a constant part of their life, that's important. It's important that someone's out there caring....then you get a better response."*

Christina's comments suggest that a trusting relationship can be important for some people who otherwise are suspicious of mainstream financial literacy programs because they are perceived as too formal or bureaucratic. Her comments also suggest that people might be receptive to information when it comes from someone with whom they share a common background and cultural identity.

Vivian, a *promotora*, suggested that her role with the family extended beyond just 'doing a job.' She notes below that: *"I don't only go to the families to do my job, but I get involved with them. I like to see their changes, to congratulate them and support them, to motivate them and push them. And for sure, we have all become friends...You start becoming involved with them and there has to be a certain tuning so that*

they will be able to respond and I will be able to ask....I do feel like a partner, not just a worker trying to do a job."

Program participants also testified to the importance of developing a trust with their *promotoras*. In a conversation with Mr. Howard, a program participant, he expressed the importance of feeling comfortable with his *promotora*. He stated that: *"[It's] definitely less intimidating. You know who (sic) you're talking to; you're dealing with someone you know and associate with. Because if you get the person, that's there in the neighborhood, to explain what they're doing, come across with clear and concise manner, that's what he did. We sat on the porch and talked about things. I never sit on the porch. He asked me what I wanted for my family and that kind of thing. And you wouldn't do that with just anybody. If you walked into the office downtown and someone says, 'What do you want for your family?' You wouldn't be as open as you would with somebody, who's literally become part of the family."*

Mr. Howard's experience suggests that he was more willing to discuss personal financial matters with someone he viewed as a peer. His comments also suggest that the peer-to-peer approach at the center of a *promotora* model may be an effective approach to break down distrust and discomfort often times associated with the formality and bureaucracy of institutions.

Empowering Financial Planning: "I never thought I was going to do that"

Putting decision-making in the hands of the participants can foster a greater degree of responsibility for positive program outcomes. For many low-income families, marginalization, negative life experiences, and low self-confidence become impediments to making sound financial decisions. Negative experiences managing money can also lead to feelings of disempowerment and learned helplessness. The *promotora* model of financial education may help people overcome their feeling of disempowerment. Juanita again reveals that the relationship with her *promotora* empowered her to not only "just make it" but also keep going and accomplish goals she never thought were possible.

She notes that: *"I would say that the companionship that I have there and the support of knowing that I can do it...it makes me feel that I can do it. It boosts my confidence more. I usually say, 'Thanks, I don't know what I would have done if you had not been here.' I really need that confidence sometimes, because there are times I say that I don't think I am going to make it. I never thought I was going to do that. People can say, 'Hey, she's a single mom with four kids, would you ever say that she would be able to make it?'."* Juanita's comments suggest that personal empowerment was one of the first steps in the direction of positive behavior change.

In a similar conversation with Dora, a program participant, she shared about how her *promotora* provided the encouragement to keep going toward her financial goals: *"Sometimes I am so tired and worn out, and then she comes to ask how I am doing. I tell her that I am frustrated, but she tells me that I am actually doing all right. She reminds me of where I came from. Sometimes she is like a counselor. It helps me because I leave the meeting saying, 'I am actually doing it'."*

For these participants, an ongoing relationship with someone who cared about their situation, provided emotional support and offered financial coaching was what they needed to get over the emotional hurdles and get their lives on the right track.

Conclusions

The experiences described by participants in this exploratory study suggest that the *promotora* model represents an alternative and novel approach to delivering financial education in low-income communities. This model has three main advantages that may serve to complement existing traditional financial literacy programs. First, the *promotora* model is flexible and can be tailored to the financial needs of families. Second, the ongoing relationship with a *promotora* helps families to stick to financial resolutions and sustain them over time. *Promotoras* are a source of accountability on the path towards meeting financial goals. Third, families trust *promotoras* because they reside in the same communities and share similar cultural backgrounds. *Promotoras*

are trusted intermediaries between families and traditional organizations.

Organizations considering the implementation of a *promotora* model must take into account the unique circumstances of the communities they serve, as well as the program goals and objectives they seek to accomplish.

In the program presented in this research, *promotoras* received a monthly stipend of $500 for a caseload of an average of 5 to 6 families. Although *promotoras* did not operate on a fixed schedule and were not required to log working hours, monthly trainings and team meetings were obligatory. Most *promotoras* had other employment and viewed their position in the program as a type of paid volunteer work for their community.

Although the study shows that the use of *promotoras* is a promising approach, there are drawbacks that warrant brief attention. First, *promotora* turnover and participant disengagement from the program were two recurring issues, which might be addressed through effective strategies for recruitment and retention. Second, some *promotoras* felt inadequately trained to address the financial issues presented by their families. Comprehensive initial and ongoing training would better prepare *promotoras* for their work. Third, many of the program participants (families) had basic needs that extended beyond the explicit focus of financial education. This issue might be addressed through a flexible financial curriculum that can serve to focus on the objectives and desired outcomes of the *promotora* model.

Finally, this study relied heavily on qualitative research methods. Given the research objectives of the original program evaluation, the use of in-depth interviewing and focus groups was appropriate and justified. Future research on peer-to-peer models of delivering financial education should use quantitative approaches to capture program outputs. Research that is able to assess measurable outcomes in keeping with *promotora* program objectives is needed to evaluate the efficacy of such a model and establish best practices.

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