

**Implementation Issues in Developing  
Financial Management Training for Low-Income Audiences:  
Recruitment, Delivery, and Retention**

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**Introduction and Purpose**

As researchers have demonstrated that American consumers lack information about financial issues, there has been growing interest in developing financial management training programs (Vitt et al., 2000). The needs of the low-income population have been of particular concern, due to perceptions that these persons are more likely to have financial knowledge deficits and are vulnerable to predatory financial practices that permeate poor neighborhoods (Toussaint-Comeau & Rhine, 2002). An increasing number of programs targeted specifically at low-income audiences have emerged in response (Anderson, Zhan, & Scott, 2004).

Research has shown that such programs can result in improved financial performance by low-income consumers, such as changes in household budgeting practices and increased savings (Clancy, Grinstein-Weiss, & Schreiner, 2001; DeVaney, Gorham, Bechman, & Haldeman, 1996; Lyons, 2003). The measures used to evaluate these programs, however, have differed widely, and there have been few attempts to compare outcomes between programs that utilize different training approaches. Nor has sufficient research attention been given to examining implementation issues critical to program success, such as how participants are recruited and how training sessions can best be structured to meet the particular needs of low-income consumers.

This paper examines training implementation in the Financial Links for Low-Income People (FLLIP) program. FLLIP is unique in that, while all program sites use a common curriculum, two

different training approaches are utilized at program sites. This allows us to explore recruiting, training delivery, and participant retention issues in a program targeted at low-income audiences, and also to assess how these implementation concerns may vary as different training approaches are employed. Our intent is to inform practitioners about programming issues that may arise if they initiate similar training.

### **Program Background and Methods**

The FLLIP program provides 10-12 hours of basic financial education training to persons with incomes of 200% or less of the poverty level. The training is provided by community-based agencies across Illinois under contract with the National Center on Poverty Law (NCPL), which coordinates a planning coalition (FLLIP Coalition) that includes human services advocates, social service providers, state officials, educators, and banking representatives. State and foundation funding, as well as private donations, all support the program.

Some FLLIP sites utilize Individual Development Account (IDA) program approaches pioneered by Michael Sherraden (1991). Participants at these sites receive two dollars for every dollar they save if they complete training, up to a maximum of \$2,000 in matched savings. The savings must be used for a first-time home purchase, home improvements, automobile purchase or repair, paying for postsecondary education, or small business start-up or expansion. At other FLLIP sites, referred to here as "education-only," participants receive only the training.

A core curriculum, drawn from an interactive curriculum developed by researchers at the University of Illinois Extension and by FLLIP Coalition members, is used at all FLLIP sites. This core curriculum provides information on household budgeting, predatory lending and poor financial practices, public and work-related benefits, saving and investing, basic banking practices, and credit use. Trainers at each site receive training in delivery of the curriculum.

### **Results**

Despite these common program characteristics, FLLIP sites have considerable discretion in how they recruit participants, as well as how they deliver the training. The findings presented here are drawn from qualitative interviews with 20 program managers, trainers, and recruiters at eight FLLIP sites. The sites represented a mix of large central city (Chicago), suburban, and smaller urban areas. Three of the study sites used the IDA approach, while the remaining sites were education-only sites. The interviews were completed as part of a formative evaluation during the initial year of FLLIP operation in 2001-2002. The study was intended to provide program planners and managers with information on program successes and problems.

The interviews were conducted by two of the authors at the FLLIP program sites. Because the sites organized recruiting, training, and administrative functions in different ways, the number of interviews completed at each site varied. Nonetheless, a common, structured, open-ended-question interview guide was used at all sites. The interview questions featured issues related to recruiting of training participants, retention and drop-out problems, and classroom training practices. Interviews ranged in length from 30 minutes to two hours, and all were taped. The authors then analyzed the tapes to identify issues that appeared important in the further development of training for this audience, consistent with the formative nature of the evaluation.

#### **Training Recruitment: The Importance of Diverse Strategies and Participation Incentives**

A common theme expressed by staff was that recruiting FLLIP participants had been more difficult than anticipated. Agencies typically entered the program with considerable enthusiasm. The financial training objectives were consonant with their agency missions, the training curriculum was highly regarded, and the

expectation that program sites graduate ten FLLIP participants per month seemed modest. Nonetheless, problems in recruiting enough participants emerged immediately, and three of the eight sites ceased program participation within the first year, largely due to recruiting difficulties.

The relative recruiting success that agencies experienced was affected by several factors. First, the inclusion of tangible program incentives was critical. The provision of the matched savings accounts yielded IDA sites an important advantage in this respect, and IDA program staff consequently encountered fewer recruiting problems than education-only sites. These incentives also led IDA staff to recruit low-income people who they believed were stably employed, to improve the chances that participants could save and receive IDA matching funds.

In comparison, lacking monetary incentives to offer for training completion, education-only sites enjoyed the greatest success by recruiting Temporary Assistance for Needy Families (TANF) recipients through local Illinois Department of Human Services (IDHS) offices. The FLLIP Coalition had negotiated with IDHS to allow training participation to count as a work activity required of these public assistance recipients, and IDHS also provided funding for child care and transportation to the sessions for these clients. This provided an incentive for participation by TANF recipients not available to other low-income persons in the community. However, some interviewees indicated that relying on IDHS for recruitment also had its costs, as at times training participants who received TANF resented the fact that they were attending to meet work and training requirements.

Several interviewees also stressed that diversity in recruiting strategies was required to generate adequate training referrals. Many agencies began recruiting by determining if clients involved in other programs within the agency might be good FLLIP candidates. This involved both reviewing client files and asking other staff to suggest potential training applicants. However, even when this strategy proved successful in the short-run, it did not result in sufficient referrals over time. Neither did any other single

source generate enough referrals to meet program objectives. Consequently, agencies employed a variety of strategies, including use of existing agency client pools, referrals from IDHS, distribution of flyers and public announcements, and publicizing the program to other community service providers.

### **Training Delivery and Retention: The Need for Interaction and Intensive Follow-up**

Respondents highlighted many practices that contributed to the effectiveness of the training once participants had been recruited. Some of these were consistent with more general adult education principles, including the use of exercises designed to actively engage participants in learning. Especially at education-only sites, where participants generally were less educated and many were high school drop-outs, trainers stressed the need to overcome previous negative classroom experiences. The first class session was viewed as particularly important in this respect. Consequently, some trainers attempted to involve participants in planning the substantive content to be covered, and all made extensive use of small group, interactive activities to help overcome the initial reticence characteristic of many trainees.

Retaining participants in the program proved to be a major problem, especially at the education-only sites. For example, while IDA site drop-out rates were only 10-15 percent during the first year of the project, drop-out rates at education-only sites averaged about 40 percent. In discussing reasons for dropping out, interviewees stressed the practical and personal problems that frequently compromised training completion. Prominent in this regard were changing work schedules, and child care and transportation problems. The lower drop-out rate at IDA sites appeared to result at least partially from the strong motivation for completion provided by the matched savings accounts, as well as from the fact that IDA participants were educationally and economically better off than education-only participants.

Most sites developed strategies to prevent program drop-outs. For example, one interviewee spoke of improving training attendance by calling all participants with reminders the day of the training, as well as by assisting with transportation problems. Others provided on-site child care, or followed up with those who had missed sessions by inviting them to attend future classes with other groups. While respondents indicated that these techniques were helpful in preventing some trainees from dropping out, they engendered a level of staff effort and cost usually not required with other training audiences.

### Discussion and Implications

The study findings are based on a relatively small number of interviews with staff implementing one financial management training curriculum. Nonetheless, they point to challenges financial management training planners and educators are likely to face as they develop programs for low-income audiences. Issues related to the incentives provided for training completion appear especially important in this respect. Currently, the incentives that accompany training range from the powerful incentive of matched savings accounts in IDA programs to the lack of any tangible incentives in many training programs. From a policy perspective, more attention to the effects of emphasizing IDA versus other program models is needed. While IDA models are desirable in providing limited resource families with asset development opportunities as well as strong training incentives, IDAs are fairly expensive. Because of the need to recruit participants with reasonable savings prospects, such approaches also may lead to program emphasis on a relatively advantaged segment of the low-income population.

Given the drawbacks of relying too heavily on IDAs, it would be useful to experiment with and more systematically measure the effects of providing smaller incentives tied to training completion. For example, some programs have partnered with financial institutions to provide free checking accounts for persons who

engage in selected activities (Beverly et al., 2001), and similar incentives could be provided for those who complete training. Graduates likewise could be provided with small deposits to such accounts, or with cash or merchandise. The effects of these small incentives on both training recruitment and retention then could be compared to results from IDA programs and programs that offer no tangible incentives.

Even if training participation incentives are improved, the often difficult life circumstances of low-income persons likely will result in unforeseen problems that can compromise training attendance. Program staff, therefore, must be creative in devising strategies that are responsive to these difficulties. Managers in turn must recognize the likelihood of such problems, and budget sufficient staff time and other resources to mitigate them.

Despite the fact that the study participants found the provision of training for this audience more difficult than they had anticipated, they generally remained optimistic about the need for and usefulness of financial management training for low-income persons. When coupled with positive outcome results from several other studies, the continued experimentation with such training appears warranted. Our findings also suggest, though, that agencies entering this domain must anticipate and be proactive in responding to implementation issues such as those presented here.

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