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From Theory to Practice: Developing and Implementing an Asset-building Program for Milwaukee Public Housing Residents

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Introduction:

Beginning in August 2002, I had the opportunity to complete my Professional Practice in Community Development at the Housing Authority of the City of Milwaukee (HACM), a mid-sized public housing authority, which provides affordable housing to low-income individuals in Milwaukee, Wisconsin, through public housing, rent assistance and homeownership programs. In recent years HACM has shifted its focus away from bricks and mortar (constructing and managing low income housing) towards a more comprehensive strategy, designed to not only provide low income families and individuals with affordable housing, but also assist to residents in achieving long-term economic self-sufficiency and in escaping poverty. As such, HACM has partnered with many area organizations to develop and implement a number of self-sufficiency programs for public housing residents. As a part of my Professional Practice, I assisted in the implementation of one such program: *Make Your Money Talk*.

The Wisconsin Women's Business Initiative Corporation (WWBIC), a local micro-credit and business education organization, created the *Make Your Money Talk* program in 2000, as part of *The Assets for Independence Demonstration Program*, funded by *The Assets for Independence Act of 1998* (AFIA), which makes federal grant funds available on a competitive basis to non-profits and government agencies for the creation of Individual Development Account (IDA) programs. WWBIC's program combines a nine-session personal money management class with the opportunity for eligible participants to open Individual Development Accounts (IDAs): special savings accounts where each account holder's savings is matched 2:1. This savings, combined with the match, can be used for the development of specific assets: buying a first home, investing in a small business, or paying for post-secondary education.

In 2002, HACM partnered with WWBIC to provide a version of the *Make Your Money Talk* program exclusively to public housing residents. This Capstone is based on my experiences working with WWBIC to adapt this program to correspond with the interests and needs of public housing residents and to implement two sessions of the program. Included is a discussion of the program's design, an evaluation of the results of the program, including a discussion of how this program fits within the context of community development in Milwaukee's public housing developments. In this analysis, I draw from my experiences in Milwaukee and provide comparison examples from my time as a United States Peace Corps Volunteer in Guerin Kouka, Togo. This Capstone examines the effectiveness of asset-building programs as poverty alleviation tools, through a discussion of how broad theories about poverty alleviation and asset building, which have been the basis for federal legislation, can be converted into strategies—in this case, the *Make Your Money Talk* program—and what we discovered when implementing this strategy with public housing residents in Milwaukee. In this Capstone, I will attempt to answer the following questions:

- Was the program effective? More specifically, was WWBIC's program transferable to the public housing population and did it achieve similar results in this context?
- How did this program fit within the context of community development in Milwaukee's public housing developments?
- Based on my experience, can asset-building programs be effective tools for poverty alleviation?

The Theory: Asset building programs as poverty alleviation tools.

In the late 1980's and early 1990's, scholars, recognizing the limitations and failures of traditional welfare programs, began exploring different ways of thinking about welfare policy and the role that asset accumulation could play in reducing poverty. In his book *Assets and the Poor* and in subsequent works, Michael Sherraden (1991), a professor of social work at Washington University, discusses the failings of income-based welfare strategies, including Aid to Families with Dependent Children (AFDC) and later Temporary Assistance for Needy Families (TANF), which focus on *maintaining* consumption, through income transfers. In his assessment these programs fail to recognize that without the ability or incentives to save money, many people of limited means remain trapped in a cycle of poverty, unable to get ahead or to change their situations. He suggests that programs, which place an emphasis on the development of assets, rather than on maintaining consumption, could have a different effect, providing financial stability and a variety of other benefits that psychologically connect individuals with a different future. He writes, "Most people who leave poverty—or to use another vocabulary, most people who develop economically—do so because they save and invest in themselves, in their children, in property, in securities, or in enterprise to improve their circumstances." (Sherraden 2000, p5).

What are assets and why are they important?

Traditionally, assets are defined as wealth or holdings: property that has a monetary value, such as a savings account, a home, a business, etc. However, many scholars have expanded this definition to include other valuable resources. In her book, *Owning Up: Poverty, Assets, and The American Dream*, Michelle Miller-Adams (2002) discusses four main types of assets: economic (the traditional definition including savings, home equity, etc), human (talents, education and skills), social (connections between people, social networks), and natural assets (the environment and natural resources). She asserts that all four types of assets contribute to household stability: "Whether they are economic, human, social or natural, a central feature of assets is their staying power. Assets provide security for hard times, a buffer when things go wrong" (p 2). In other words, assets—savings, home equity, and social support networks—make up the safety-nets that sustain families through emergencies.

Sherraden (1991) also recognizes many positive effects, both financial and social, of asset accumulation on the welfare of individuals and families. Drawing from academic research and anecdotal evidence, he concludes that assets can change not only individual's financial situation, but can also change the way individuals think and behave and the attitudes and behavior of future generations. He summarizes the effects of assets in the table provided below:

Welfare Effects of Assets
• Improve household stability • Create an orientation toward the future • Stimulate development of other assets • Enable focus and specialization • Provide a foundation for risk taking • Increase personal efficacy • Increase social influence • Increase political participation • Enhance the welfare of offspring

Sherraden, Michael (1991). *Assets and the Poor: A New American Welfare Policy.* New York: M.E. Sharpe Inc. p 148, Figure 8.1.

Asset-building programs

The idea of asset-building as a tool for poverty alleviation is not new. Since the 1970's scholars and policy makers have recognized the importance of asset-building programs as a way to assist poor individuals in developing countries, to improve their standards of living and reduce inequality. The most prolific and successful of these programs are micro-credit programs, such as the Grameen Bank in Bangladesh, which provide small loans for micro-enterprise development to women and the very poor, who have been excluded from formal banking institutions due to discrimination or cultural barriers. Micro-enterprise and micro-credit programs are now fairly common in the United States and other asset-building programs such as homeownership programs and job skills training programs are also widely available to low-income individuals. However, while these efforts are geared towards the development of tangible and intangible assets—small businesses, homes, job skills, etc—some believe that savings should be the initial focus of asset-building efforts, as savings can often give people the ability to acquire other assets: to invest in a business, qualify for a home mortgage or to invest in their education and to maintain those assets, especially during adverse events such as illnesses or job loss. The role of transaction accounts (savings or checking accounts) may be of particular importance, as people who have bank accounts are more likely to have higher levels of financial assets and to own their own homes and vehicles, than those who do not and are less likely to have consumer debt. This may be related to the fact that those who hold accounts become used to working with financial institutions and interacting in the financial world (Carney and Gale 2001).

Unfortunately, low-income individuals in the United States do not seem to save money and many low-income Americans remain "unbanked." Wealth inequality in the United States is rising. While upper and upper middle class households have enjoyed gains in net worth in recent years, poorer households now save less money and have fewer assets than before and their debt is growing (Wolff 2001). The question is, why? Some scholars speculate that poor individuals may not save money, because they do not have the same opportunities or incentives to save that are regularly offered to middle and upper class individuals. Many asset-building programs, such as 401(k) s, Individual Retirement Accounts (IRAs), College Savings Accounts and other opportunities, including employer-sponsored retirement accounts and tax deductions for home mortgages are regularly provided to the middle and upper classes. Because they are easily accessible and incentive driven, many take advantage of such programs and essentially are able to save money and build assets without having to plan or strategize. In contrast, while asset-based programs are commonplace for the middle and upper classes, until recently, institutionalized opportunities to save money and build assets were not readily available to the poor, who are less likely to work for employers who offer retirement programs or to be homeowners (Miller-Adams 2002, Sherraden 1991). Another theory is that basic needs can interfere with the accumulation of assets among poor households. One is not likely to set aside income for the future if they do not have enough income to meet basic needs in the present (Gale and Carney 2001, Edin 2001). Additionally, until recent years, the asset accumulation limits that were set by traditional welfare programs including Aid to Families with Dependent Children (AFDC) and later Temporary Assistance for Needy Families (TANF) actually created a disincentive to save and in response, many poor individuals worried that if they saved money, they would lose their benefits (Miller-Adams 2002, Sherraden 1991).

My experiences as a Small Business Development Volunteer in Togo, West Africa, suggest that culture may also play a role in determining whether or not individuals save money. Sociologically speaking, people's actions are likely to reflect those of their neighbors and the people they interact with on a regular basis—people are unlikely to save money if they do not see others in their community saving (Carney and Gale 2001). In Togo, I worked with individuals who were able to save money both as a safety net and to fund small enterprise through *tontines* (indigenous revolving savings and credit associations) and *groupements* (cooperatives that also included a system of revolving grants for small enterprise development).

These groups had relatively simple approaches to saving money: members met on a regular basis to contribute relatively small amounts of money to a common fund, which was then distributed to one member in each cycle, allowing that member to have access to a larger pool of money than would otherwise be available to her. As these groups seem to form naturally in Togolese communities (members share kinship ties, ethnic ties, a commercial activity, etc), they have resulted in a culture where savings is encouraged and even expected for the majority of the population. Unfortunately, similar culturally supported opportunities are not regularly available to poor individuals in the United States.

Sherraden (1991) and others postulate that if given both opportunities and incentives to save money, poor individuals will be able to accumulate the assets. He proposes a new strategy to complement income-based welfare programs: Individual Development Accounts (IDAs), federally subsidized, limited use savings accounts, which would promote and provide incentives for regular saving and goal setting to the poor. It is important to note that his strategy is designed to be a complement to other support systems for the poor, including TANF, public housing, food stamps, childcare assistance and medical assistance, as these programs help to ensure that basic needs are met and to create some stability in the lives of the poor. For low-income individuals to save, they need to have both extra income after expenses to devote to savings and a stable source of future income (Edin 2001). For many poor individuals, public assistance programs provide income and household stability, which could potentially create a situation in which savings is possible. Sherraden's criticism of these programs is not that they are not necessary, as they are a stable source of income for many poor individuals and allow them to meet their basic needs, but rather that they do not provide incentives for asset-accumulation and have a tendency to create dependence.   He writes, "The major reason for this proposed policy shift is that income only maintains consumption, but assets change the way people think and interact in the world….In other words, while incomes feed people's stomachs, assets change their heads." (Sherraden 2000, p6).

Sherraden's proposed policy made sense, but until recent years was untested. In 1993 the Joyce Foundation funded the first test of his ideas by providing grant funding for the establishment of three small IDA initiatives in the Midwest. Later, in 1997, Sherraden collaborated with the Center for Enterprise Development (CFED) to develop and organize the privately funded "Downpayments on the American Dream Demonstration," the first large-scale demonstration of IDA programs in the United States, which was implemented at thirteen urban and rural sites nation-wide. The results of these demonstrations were largely positive, which enabled CFED, Sherraden and other proponents to lobby effectively for political support of a federally funded demonstration project. Their proposed policy was ideologically palatable for liberals, with its focus on assisting the poor and conservatives, as it also focuses on helping low income individuals to become self-reliant, independent actors in the main stream economy. Their bid for support was successful, and Congress passed *The Assets for Independence Act of 1998* (AFIA) which created a pool of federal money for the creation of other IDA demonstration programs nationwide to further test IDAs as a poverty alleviation tool (Miller-Adams 2002). With federal funding and support, IDA programs have proliferated in the United States: today there are over 250 IDA programs in existence, operating in 44 states (IDA Network website).

The Legislation: Assets for Independence Act (AFIA)

The Assets for Independence Act (AFIA) was passed and signed into law by President Clinton in 1998. The legislation directly reflects Sherraden's theories about the importance of assets and the need for assert-building programs to complement traditional welfare programs.

AFIA authorizes $25 million per year for five years in competitive grants to non-profit organizations in order for them to create IDA demonstration projects to further explore the effects of IDAs on individuals, families and communities. This program, the *Assets for Independence Demonstration Project,* is administered by the U.S. Department of Health and Human Services, Community Services Division. The goal is to help 30 to 40,000 low-income individuals to open IDAs and to answer some key questions about the effectiveness of IDAs as policy:

1. With incentives and assistance, can the poor save?
2. If the answer is "yes": Can savings and the development of high-return assets, lead to economic self-sufficiency?

The demonstration hopes to determine the effects (social, civic, psychological, and economic) of providing low income individuals with incentives to save money and to accumulate assets. Additionally, the demonstration explores the extent to which IDA investments can help to increase economic self-sufficiency and family stability and to improve communities (AFIA 1998).

WWBIC created their *Make Your Money Talk* program with funds from this grant program and thus must follow federal guidelines for participant eligibility, program design and implementation. I have included a basic overview of the grant program's requirements below as they have affected program design and implementation.

Use of Federal Funds:

Grantees can use AFIA funds to match IDA deposits, with the stipulation that federal match dollars be matched equally with non-federal dollars. For example, for the joint HACM-WWBIC program, participants deposit an amount in their IDA, which is then matched 1:1 with federal funds and 1:1 by HACM, with non-federal funds, for a total match of 2:1. Some AFIA funds (fifteen percent or less) can also be used to provide project administration and evaluation and supportive services such as case management and economic literacy training (no more than 15%). Because this amount is insufficient to cover all of WWBIC's administrative costs and to fund a financial literacy instructor's salary, WWBIC has had to look elsewhere for funding and partnership opportunities, to provide the full version of their program.

The Federal Match:

Program guidelines have set the maximum Federal contribution to one individual at $2,000, which must be deposited with an equal amount of non-Federal dollars, bringing the total maximum amount of matching contribution from federal and non federal sources per participant to $4,000. If organizations are able to find other non-federal sources of match dollars, they can increase the match rate, as long as the maximum federal matching contribution per individual is not greater than 1:1. If more than one member of a household participates in the program, the maximum amount of federal dollars contributed to each household is limited to $4,000.

Individual Development Accounts:

The legislation requires that Individual Development Accounts be opened only at qualifying financial institutions, requiring that grantees form a partnership with a bank or other qualifying institution. Prior to opening an IDA, each participant must enter into a savings plan agreement with the organization, which must include a saving schedule and identify the asset(s) for which they are saving. IDA account funds can only be used for qualified expenses, namely first-time homeownership, micro-enterprise development, and qualified post-secondary education expenses. Exceptions are made in emergency situations. On a case-by-case basis with the organization's approval, participants can withdraw funds for emergencies. However, under AFIA guidelines they must "re-pay" those funds within twelve months in order to receive a full match.

Program eligibility:

Under AFIA, each grantee must designate a target population and qualified individuals from that population can open Individual Development Accounts (IDAs), where the *earned* income they deposit will be matched with federal and non-federal funds, at a rate determined by the administering organization. In order to be eligible to open an Individual Development Account (IDA), participants must meet one of following tests:

- They must be eligible for (but not necessarily receive) state Temporary Assistance for Needy Families (TANF) assistance, *or*
- They must meet the income guidelines to qualify for the Earned Income Tax Credit (EITC), *and* they must have a net worth of less than $10,000 excluding their primary residence and one car per household.

WWBIC's program is open to all residents in Milwaukee County and the joint HACM-WWBIC program is open to all HACM public housing residents. However, the IDA eligibility requirements have resulted in a very specific target population: the working poor.

WWBIC's Strategy: Make Your Money Talk

Incorporated in 1989, The Wisconsin Women's Business Initiative Corporation (WWBIC), a certified community development financial institution (CDFI) and economic development corporation, specializes in providing micro-loans, business education and technical assistance to small business owners and entrepreneurs in Wisconsin, with a primary focus on providing assistance to women, minorities, and low-income individuals. WWBIC's main activities include:

- Training, advising and mentoring small and micro-businesses in Wisconsin,
- Promoting economic development financial literacy and asset-building programs,
- Encouraging self-employment as a means to self-sufficiency, by providing business assistance, education and access to capital for business start-ups and expansion,
- Providing other innovative business assistance and support through Coffee with a Conscience, a business laboratory, and business incubation programs.

WWBIC created the *Make Your Money Talk* program in 2000, as a part of the federally funded *Assets for Independence Demonstration Program*. The program was originally designed to complement their business education and micro-enterprise activities, placing a focus on small enterprise as a savings goal. Later this focus was expanded, as participants chose to save for other eligible assets.

Because the program is funded by AFIA, WWBIC must follow the above-mentioned guidelines for income eligibility and eligible IDA expenditures. They also are required to locate a source of non-federal funding for IDA match funds for each session of *Make Your Money Talk*, making partnerships with local organizations and foundations crucial to the survival of the program. Additionally, because at least 85% of grant fund must be used to match participants' savings, WWBIC has sought community partners to provide the necessary funding for other program expenses, including the financial literacy training portion of their program, account management and project evaluation.

While AFIA provides rather strict guidelines for the use of federal funds for IDA programs, grantees are given considerable freedom in program design. WWBIC employs a methodology based on economic literacy *and* asset building and has tried to adapt the program to cater to the needs of local participants. Because IDA programs are relatively new, and there is not much literature available concerning program design, in the initial stages of program development, WWBIC staff members conducted focus groups to gauge potential participants' reaction to IDA's, their ability and willingness to save money, willingness to attend a financial literacy class (and the number of classes appropriate), and other program components. Based on these focus group sessions and best practices adapted from other IDA programs, WWBIC developed their strategy, an assisted-asset building methodology which includes three main components:

1. Financial literacy training
2. Individual Development Accounts
3. One-on-one consultation to assist participants in developing and maintaining their personal budgets and savings plans.

The goal is that program participation will result both in an increase in financial knowledge and in the net worth of each participant. Participants will develop personal finance skills *and* the habit of regularly saving money and will have the support necessary to continue saving.

Financial Literacy Training

A critical part of WWBIC's program is the mandatory financial literacy component. In order to qualify to open a WWBIC IDA, participants must complete a nine-session personal money management class to help them develop the necessary fiscal skills to plan for savings, develop good spending habits, develop personal budgets, and resolve credit problems. Because AFIA provides no regulations for the financial literacy portion of the program, WWBIC has had the freedom to design and adapt this portion of the program, in response to the needs and interests of participants and based on what has and has not been effective in practice. During this process, WWBIC staff members have utilized the IDA network, a web-based resource, which allows IDA program coordinators to share effective strategies and program materials, which can be downloaded and adapted to local settings.

For the financial literacy component of the program, WWBIC initially pieced together a curriculum, utilizing information and lessons from a variety of sources including materials designed by other IDA programs and general financial literacy curriculums. In the last year, WWBIC has begun using *Finding Paths to Prosperity*, an IDA financial literacy curriculum developed by the Corporation for Enterprise Development (CFED), the National Endowment for Financial Education and the Fannie Mae Foundation. This curriculum was created in an attempt to standardize the financial literacy training provided to IDA program participants, was specifically designed to be paired with an IDA program and includes a focus on homeownership as a IDA savings goal.

The course material is presented in nine class sessions over an eighteen-week period. Because the class meets every other week, participants have a two-week period during which they can practice the strategies taught in class, complete homework activities and process what did and did not work for them.

***Make Your Money Talk* Course Outline**	
Session 1:	*Make Your Money Talk* and IDA Overview
Session 2:	Spending choices and setting long-term goals
Session 3:	Tracking expenses and budgeting,
Session 4:	Planning your spending
Session 5:	Being a smart consumer
Session 6:	Understanding credit
Session 7:	Handling credit problems
Session 8:	Assets, family and home
Session 9:	Asset Specific Sessions: • Starting a Small Business • Buying Your First Home • Going Back to School

From the *Make Your Money Talk* 2002 Information Session Packet

Jenell Hackley, WWBIC's IDA Program Coordinator facilitates each class session and utilizes an interactive technique. Each class includes small and large group activities, designed to teach skills and techniques for budgeting, money management and goal setting, round table discussions, featuring many personal examples from Jenell's life and class members' experiences and guest speakers, a key feature of the program, which allows participants to network with professionals including loan officers, credit counselors, previous class participants, small business owners, etc.

Individual Development Accounts

Individual Development Accounts (IDAs) are the second component of WWBICs strategy. After session five of the financial literacy class, participants who meet income and employment eligibility guidelines are eligible to open an IDA at WWBIC's partner financial institution, Marshall & Ilsley Bank (M&I). Under a special agreement with M&I, these accounts do not require a minimum balance and are accessed no fees, and eligible *Make Your Money Talk* participants can open their IDA, regardless of their credit histories and previous interactions with financial institutions, a barrier that prevents many low income individuals from opening savings and checking accounts. WWBIC matches each participant's savings 2:1, in a separate account, with funds from AFIA and non-federal sources, and IDA savings and match funds can only be used for eligible expenses designated by AFIA: post-secondary education, a first-time home purchase and business development. Participants make monthly deposits in an account held in their name and simultaneously, match funds are credited to another account held in WWBIC's name. The minimum monthly deposit has been set at $15 per month, low enough so that it is an attainable amount of savings for most participants, and in order to control the level of match funds, the maximum monthly deposit that will be matched is $83.33 ($1000/year). After saving regularly for six months, accountholders are eligible to withdraw their savings and match funds for eligible expenses, which are paid directly to vendors to ensure that they are used for stated purposes. After the first withdrawal, subsequent withdrawals can be made on a quarterly basis. Participants make a 2-year commitment to save in their IDAs and can receive match funds for up to $2,000 of their savings (matched by a maximum of $4,000 for a total of $6,000).

Account Management and Individual Consultations:

In order to provide long-term support for savings and to address individual barriers to saving, one-on-one case management is provided. This begins when the participant decides to open an IDA—the IDA coordinator helps her to develop a personal budget and to create an individual plan for savings, in which she designates the asset(s) for which she will save, sets a schedule for saving and sets a goal for the total amount to be invested. She also works with participants to help them to devise strategies appropriate to their individual situations. Additionally, the IDA coordinator must approve all emergency withdrawals, when they are necessary and helps individuals to devise strategies to start saving regularly as soon as it is possible after an emergency, to replace those funds. She also connects participants with other WWBIC programs for assistance developing business plans or obtaining additional start-up capital for small enterprise, if that is their savings goal. Participants who wish to utilize their IDAs to capitalize a small a business are able to utilize all of WWBIC's business education and support services. However, many of WWBIC's business education programs involve additional fees for tuition and materials and participation in *Make Your Money Talk* does not guarantee that they will qualify for loans.

The Results:

The results of WWBIC's initial demonstration are encouraging. Between 2000 and 2002, a total of 216 individuals graduated from the *Make Your Money Talk* program and 152 individuals opened IDAs, saving a total of $94,274.66. At the end of 2002, WWBIC reported that 84 of the IDAs opened during the first two years of the program were still "active" (participants were still making monthly deposits and receiving match dollars, with an average monthly deposit of $51.76). These accounts had a combined savings of $47,801.96, matched with $94,783.08 from federal and non-federal sources, for a total IDA savings of $142,585.04. Since January 2000, 115 withdrawals have been made from WWBIC IDAs, and with those funds, 9 new businesses have been started, 18 participants have closed on homes, utilizing their IDA savings for down payments, closing costs and initial home repairs, and 15 participants have paid for post-secondary education expenses.

The HACM-WWBIC Pilot Program

In May 2002, HACM contracted with WWBIC to offer *Make Your Money Talk* to public housing residents. This partnership represents the growing need for financial education among public housing residents and HACM's commitment to increasing the self-sufficiency of residents. It also represented WWBIC's need to locate funding for the financial literacy component of the program and to find a source of non-federal match dollars for the IDA component. Over the next year, through a process of trial and error, we modified the program and offered two sessions of the class. Our challenge was to adapt this program, which has successfully empowered low-income participants in Milwaukee to save for their futures and to build assets, in order to achieve similar results with public housing residents, who proved a challenging audience.

The Context of Public Housing in Milwaukee

The Housing Authority of the City of Milwaukee (HACM) was created in 1944 to provide affordable housing to income-eligible families, elderly individuals, and persons with disabilities in Milwaukee. HACM manages fourteen hi-rise and mid-rise buildings, which house primarily elderly and disabled individuals and five low-income family developments, three of which are located in Milwaukee's central city (an Urban Renewal Zone). Additionally, the Housing Authority manages about 500 "scattered site units" throughout the city and administers over 5,200 Section 8 Rent Assistance vouchers. Through these programs, HACM provides affordable housing to over 12,000 individuals.

The face of public housing in Milwaukee is changing. Through recent re-vitalization and renovation activities at three family developments funded by the U.S. Department of Housing and Urban Development's HOPE VI program, HACM, has tried to reduce the population density and the physical and social isolation of these communities and through physical changes, including the addition of roads, to reconnect them to surrounding neighborhoods, and on-site resources, including the Central City Cyberschool and the Parklawn YMCA at the Parklawn Family Development, and the Hillside Family Resource Center and Hillside Boys and Girls Club at the Hillside Terrace Family Development, to link them with community services. Two of the developments, Townhomes at Carver Park and Parklawn, now include a mix of public housing, market rate units and homeownership units, making them "mixed income" communities. Additionally parks and other "green space" and community centers have been added, to create a "neighborhood feel" that previously was lacking and to provide space for community activities.

With changing face of public housing has come a change in focus. Most of HACM's current programs include a focus on creating healthy communities and increasing residents' self-sufficiency, in an effort to help residents to become financially independent and to eventually leave public housing. HACM's current budget reflects five major initiatives:

1. economic self-sufficiency initiatives
2. home ownership
3. public safety
4. health care services
5. physical improvements

Many of the recent changes seen in public housing have occurred as a result of changes in federal policy and the priorities of the U.S. Department of Housing and Urban Development (HUD), whose grant programs provide significant funding for HACM's programs. In the past ten years, HACM has received four HUD HOPE VI grants, which provide funding for the revitalization of existing developments and programs to provide community and supportive services to residents. HACM has also received several HUD Resident Opportunities and Self Sufficiency (ROSS) grants, which as the name suggests, fund activities geared towards helping residents to achieve economic self-sufficiency, including employment placement and job skills training, financial literacy training, homeownership assistance, education assistance and access to technology. Funding from two recent ROSS grants has made the HACM-WWBIC partnership possible, providing funds that enable HACM to contract with WWBIC to provide financial literacy training to residents.

Programs geared towards economic self sufficiency are extremely important for public housing residents, as traditional public housing has tended to foster dependence. While HACM and other public housing authorities provide a needed source of stability to many low-income individuals and families, who without stable and affordable housing might otherwise fall deeper into poverty or face homelessness, the nature of public housing perpetuates the isolation of low-income residents and often provides disincentives for employment and the development of assets. Since rent is based on income (residents generally pay 30% of their adjusted gross monthly income, a ceiling rent of around $500 if their income exceeds a certain level or a minimum rent of $50), there is little incentive to find employment or to move to higher paying positions, as that would result in increased rent. Additionally, the residents of HACM's family and elderly developments are both spatially and socially isolated from surrounding neighborhoods and the rest of the city. The intergenerational nature of poverty has increased this isolation, as many residents grew up in public housing and many households include multiple generations living in the same household, which often affects household stability. Educational attainment is low, with only approximately 50% of adult residents having a high school diploma or equivalency. Many residents also depend on federal and state assistance, including Temporary Assistance for Needy Families (TANF), unemployment compensation and Supplemental Security Income (SSI) payments for themselves and/or their children in place of or in addition to earned income.

Each development's isolation is increased by its location within the City of Milwaukee. Milwaukee's five family public housing developments and many scattered sites are located in "extreme poverty areas," as defined by the US Census Bureau, where 40% or more of the residents live in a block numbering area that is poor, and 40% or more of the households are headed by single females. The Census Tracts in which HACM's family developments are located are some of the poorest in the city, with poverty rates ranging from 21.4%- 62.3% and unemployment rates ranging from 11.5%-39.9% (U.S. Census Bureau 2000).

Additionally, opportunities for accessing social capital may be lacking, as neighbors do not generally associate with one another and have few opportunities to access networks outside of their communities. Some exceptions do exist. Each development has a Resident Council, led by an elected board of residents, which organizes residents around issues of common interest and serves as a liaison between HACM management and residents. In addition, these organizations organize social activities and community outings for residents and meet on a monthly basis, providing residents with an opportunity to voice their concerns, ask questions of Housing Authority staff, provide input concerning HACM programs and receive information concerning opportunities, programs and services. While these meetings do provide an opportunity for residents to build relationships with one another and to access social capital, attendance at monthly meetings is generally low, with only the organization's officers and the same key members of the community present at most meetings.

While this "needs-based" picture of public housing communities in Milwaukee is far from complete, there exists in these communities a culture of poverty and entitlement, perpetuated by their isolation. When poor individuals do not have access to resources or networks outside of their communities, what Robert Putnam (2000) calls "bridging social capital" they may have fewer opportunities for employment and economic advancement. HACM is trying, through its self-sufficiency and homeownership programs, to develop the individual capacities of public housing residents, to foster relationships between residents and to create linkages between residents and community organizations. Through strategic partnerships with WWBIC and other organizations, HACM has expanded the services available to residents. WWBIC was seen as an ideal partner in this process, as a leader in providing quality business education and access to capital to women, people of color and the poor in Wisconsin, and the

Make Your Money Talk program was seen as one method to assist some HACM residents in achieving self-sufficiency.

There is a definite need for financial literacy training for public housing residents. Many public housing residents are unaccustomed to using traditional financial services, budgeting, saving money and setting financial goals. Many residents do not utilize formal financial institutions for check cashing or accessing credit and most do not have checking or savings accounts. Residents instead rely on check cashing stores, payday loan stores and rent-to-own stores, which do an active business in Milwaukee's public housing communities. Additionally, many employed residents who have fallen behind on bills, refinance one payday loan with another, and consequently lose the financial impact of employment, while engaging in a financial strategy that keeps them continually in debt and paying annual interest rates of 400% or more. Because residents often live from paycheck to paycheck, they must focus on immediate needs like paying for food, clothes, and rent, rather than planning for the future. The goal of this project was to assist public housing residents in developing strategies for money management and to provide them with an opportunity to increase savings and to eventually acquire assets, enabling them to eventually become economically self-sufficient and to leave public housing.

My Role: Program Development and Coordination

As a part of my Fellowship activities at the Housing Authority, I assisted WWBIC in implementing the *Make Your Money Talk* program for public housing residents. My role included a variety of activities: program promotion and the recruitment of residents, acting as main liaison for residents, planning orientation sessions (registering residents, reserving a space for the session, coordinating with WWBIC presenter(s) to present information and/or conducting orientation sessions personally), working with WWBIC staff to add a homeownership focus to the program, coordinating the class (creating a class schedule based on participants' availability, reserving rooms for classes, mailing class information and reminders to participants, making arrangements for on-site childcare, etc., and program monitoring and evaluation).

Recruitment

One of our first challenges was program promotion and the recruitment of residents. Our initial recruitment process was relatively complex. We initially decided to market the program as a complement to HACM's homeownership program and to target those residents who had expressed interest in owning their own home and had applied for homebuyer assistance through HACM's program. This decision reflects HACM's organizational priorities, since offering opportunities for homeownership to low income individuals, is a budget priority for both HACM and the U.S. Department of Housing and Urban Development, which funds many of HACM's activities. However, it also reflected the interests of residents, as many residents have identified homeownership as a financial goal and several hundred apply to receive homebuyer counseling and down payment assistance through HACM's homeownership program every year. Unfortunately, according to program staff, many of those applicants have significant barriers, which prevent them from qualifying for home mortgages, including: poor credit or no credit, high debt to income ratios, insufficient income, and not enough accumulated savings for down payments or required home improvements. Additionally, most residents require additional financial literacy training in order to become successful homeowners. This pool of residents became our target audience. This strategy allowed us to target those individuals who had already expressed an interest in asset accumulation (homeownership) and were employed (a condition of enrollment for both the homeownership program and the IDA program).

For the first round of recruitment, I coordinated with HACM homeownership program staff to identify income-qualified individuals from their participant database, who they felt were likely to have an interest in the program, would be able to meet the program's requirements, and who seemed motivated enough to stay in the program. They initially provided me with a list of forty-five individuals to whom I sent invitations to attend an orientation session to learn more about the program. HACM's homeownership program coordinator, someone with whom program participants had previously interacted, signed each invitation, which was worded to emphasize homeownership as an ultimate goal of the program and instructed recipients to call me to register for a program orientation session. We initially scheduled three orientation sessions at a variety of times (1 weekday morning session, 1 weekday evening session and one Saturday morning session), to accommodate most work schedules. After two weeks, I had only received a limited response from those I had targeted (about 5 phone calls) and in response made follow-up phone calls to ask residents if they had received the letter and to answer any additional questions concerning the program. We had limited success recruiting participants in this first round: only thirty of the forty-five targeted residents registered for an orientation session and only fifteen of the thirty residents who had registered were present at orientation sessions.

Our initial recruitment problems baffled WWBIC staff, as they regularly have to turn people away from their program and have long "wait list" of interested individuals who are interested in their program. We postulated that the lag in enrollment could have resulted from many factors including:

1. The fact that the letter came to participants in "City of Milwaukee" envelopes—many of the residents who did not respond to the first invitation I sent them told me that they had initially thrown the invitation away, thinking that it was junk mail or had been intimidated by the envelope.
2. Many participants also expressed skepticism about the program's claims (free, with a 2:1 savings match). To individuals who regularly receive flyers and advertisements in the mail for quick money making schemes, the program seemed too good to be true, even though the information came to them on Housing Authority letterhead.
3. Many said that they could not commit to attending nine classes, because of work schedules, family obligations or for various other reasons.
4. Many did not want to wait 8-10 weeks to open their IDA and/or did not want to wait six months after opening their IDA to make their first withdrawal. To me, these delays made sense, since they allow participants to develop goal setting and money management skills prior to opening their IDAs and to develop the habit of regularly saving money and accumulate up to $500 each ($1500 including the match dollars) prior to withdrawing funds. However, these benefits were not as apparent to potential participants; they wanted to start saving right away and to be able to have access to their money and the match as soon as possible.

After several brainstorming sessions with WWBIC and HACM staff, I expanded our contact list and devised a new marketing strategy: I sent information and invitations to all residents who were both enrolled in the homeownership program and qualified for the *Make Your Money Talk* program (were employed and did not exceed income limits). This strategy had both benefits and drawbacks: by throwing a wider net, we would reach more people and would potentially get a larger response. However, we would know less about the individual invitees than we did with our previous strategy, as we were no longer utilizing homeownership program staff members to pre-screen participants. I created a mailing list of 225 residents from the homeownership database and mailed out invitations for three additional orientation sessions. Only about forty individuals responded to these invitations and registered for orientation sessions and only twenty of those who registered were present at orientation sessions (the fifty percent attendance rate was beginning to look like a pattern).

Following the second round of recruitment, we had presented the program to thirty-five residents at six orientation sessions, and everyone who attended an orientation session signed up for the program. I surveyed these individuals about their availability and devised a class schedule to accommodate as many as possible. Based on the results of this survey, I scheduled the class for Tuesday evenings from 6-9 pm, beginning October 15th, 2002. The class would be held on-site at the Townhomes at Carver Park Family Housing Development in the Family Re-Investment Center, a community space added to the development during recent renovation activities that is largely underutilized by residents. It is important to note that by surveying residents about their availability, I added an additional step to the recruitment process that WWBIC had never included. As I noted earlier, WWBIC has never had difficulty filling a *Make Your Money Talk* class and maintains a long wait list for their community-wide program. For previous sessions, they have scheduled the class prior to holding orientation sessions and only those who can attend during the scheduled class time, sign-up for the class. Because we did experience recruitment difficulties early on and potential schedule conflicts were cited as a barrier to participation, I wanted to gain resident input concerning their availability and preferred class times, hoping that we would be able to offer the program to more residents. I also made arrangements for HACM to pay for on-site childcare, as many residents had cited childcare as a potential barrier to participation in an evening class. I surveyed the residents about their childcare needs, hired two public housing residents to provide childcare during the class, and set-up childcare classroom in the Family Re-Investment Center.

Only twenty of the thirty-five individuals who signed-up for the program were present at the first class session. This number was discouraging, but not entirely unexpected, since we knew in advance that some residents would not be able to attend an evening class due to variable or second shift work schedules. Since perfect attendance is a program requirement, we decided to conduct a make-up session to bring any participants who were not at the first class, but who were still interested and able to remain in the program, up to speed. Five additional people attended the make-up session bringing our number of participants to twenty-five.

After the first class and make-up session, six individuals dropped out of the program, leaving nineteen people the class. This phenomena reflected the self-selecting nature of this program—those who were not ready or able to start saving money for an asset, were not able to commit to attending the nine class sessions, or did not meet program requirements (primarily the employment requirement), dropped out of the program. While the possibility of a matched savings account is a strong incentive for participation, for some, the time commitment, regular savings requirement, and the fact that they would only be able to access their accounts for eligible expenses, were stronger disincentives for participation. Additionally, many of the participants who withdrew from the program, fell victim to the uncertainties of life, citing illness and other health issues, family obligations and job loss or being unable to find employment (a prerequisite for opening an IDA), as reasons for dropping out of the program.

Nineteen participants stayed in the financial literacy class through graduation, but seven of the remaining class members exhibited attendance problems, missing one to three class sessions each. In order to ensure that these participants could graduate from the financial literacy portion of the program, we decided to hold another make-up session, covering a variety of topics from the class sessions they had missed. During the make-up session, the class instructor, another HACM staff member and I each conducted small group sessions on multiple topics, allowing those participants who had missed more than one class to attend those sessions that covered the material they had missed. While this "make-up" did not include the same level of group discussion as the original classes and we were not able to arrange for guest speakers, we were able to cover the material in small groups and one-on-one. WWBIC had never included a make-up session before, but we felt it was necessary in order to allow those seven individuals to remain in the IDA program.

While participants were eligible to open their IDAs in December (following the 5th class session), most waited until right before their February graduation to begin saving. Many were not able to schedule their individual consultations with Jenell, the IDA coordinator, until then or did not feel that they were ready to start saving. Additionally, two individuals did not open IDAs, because they were not employed and therefore did not qualify. I referred these individuals to our Resident Employment Coordinators for employment assistance, but they did not take advantage of the program. A total of nineteen participants graduated from the class and to date, seventeen have opened IDAs.

Recruitment for Session II

Upon evaluating the results of our first recruitment effort, we decided to make some key changes in the marketing and promotion of the program. In order to reach more residents, I employed a more comprehensive marketing strategy, by providing information about the program to residents at multiple levels:

1. I included an article about the program in the Resident Employment Newsletter, which is sent to every HACM household, including information about the program, an orientation schedule and my contact information for further information about the program.
2. We attempted to both create support for the program at the community level by including the Resident Councils of each family development in our recruitment efforts. We began by meeting with the board of each Resident Council to provide them with information about the program. After the board members expressed support for the program and agreed to let us introduce the idea to the Resident Councils, we attended the councils' monthly meetings, presented information about the program to attendees, answered questions about the program, and allowed residents to register for an orientation session at the meeting.
3. We attempted to develop a stronger internal referral network; providing information about the program to HACM staff members who could both disseminate this information to residents and refer residents to me. We specifically provided information about the program to the Resident Liaisons who are assigned to each development, as they meet regularly with residents and help to organize resident council meetings and social activities. Additionally, we involved HACM Resident Employment Coordinators and Homeownership program staff to both disseminate this information to the residents they serve and refer residents to the program who meet the program's selection criteria, who they feel are able and willing to make a

commitment to the program and who have expressed an interest in saving for one of the assets.

4. I contacted those participants who had signed up for *Make Your Money Talk* in the Fall, but were unable to attend due to work and/or school schedule conflicts and invited them to participate in Session II.

Our new strategy achieved mixed results. Most of the participants recruited for the second session of *Make Your Money Talk*, contacted me in response to the article in the Resident Employment Newsletter or had heard about the program from previous participants, who were excellent walking advertisements for the program. I had hoped that by working with the Resident Councils to disseminate information about the program, residents would be less skeptical and the program would have more legitimacy. However, perhaps because attendance at Resident Council meetings is generally poor, and we did not have much time to present program information and answer questions at the meetings, we did not receive a large response from residents at these meetings: only two of the ten residents who registered for an orientation session at their Resident Council meeting, were present at an orientation session. I did receive a few referrals from the homeownership program, but all but one of these residents were not interested in the program after learning about the time commitment involved. I did not receive any referrals from HACM's Resident Employment Coordinators, but I did not really expect to, as most of their *current* client-base consists of unemployed individuals who are seeking jobs, who would not be eligible for the IDA portion of the program. Hopefully as the *Make Your Money Talk* program becomes more integrated with the other services the HACM offers, our internal referral network will become stronger, and Resident Employment Coordinators will view this program as a potential future opportunity for residents once they become employed, as a further step towards self-sufficiency.

Even with a broader recruitment strategy, only thirty-five residents attended the six orientation sessions we held for Session II and after attending orientation, thirty signed up for the program. Since many of the residents who were not able to attend the pilot class, cited their second shift work schedule or an evening school schedule, as their reason for not attending, we decided to hold classes at more than one time during the second session (one morning and one evening class). I again surveyed the participants to determine the best class time and scheduled two classes—one morning class (alternating Wednesdays beginning April 2nd) and one evening class (alternating Wednesdays beginning April 9th). Of the thirty people who signed up for the program, twenty-one were present at one of the two class sessions.

As with the first class, attendance was again a problem. However, for this round, we decided not to hold any make-up sessions, since we felt that if participants knew that there would be an opportunity to make up sessions, they would not come to class regularly. Also, since we were offering the class at multiple times, those class members who were able to attend at either time (about 10) could make up a given class during the other session, if they knew in advance that they would have to be absent. We still ended up conducting a few one-on-one make-up sessions for those participants who had to miss class because of emergency situations, and several other class members simply stopped coming to class after a certain point and eventually told us that they wanted to drop out of the program. Sixteen residents graduated from the second session and to date nine have opened IDAs. Again, all participants are saving for a first home.

Program Design

Offering an Asset-Specific Program:

As noted previously, WWBIC has considerable flexibility in designing the financial literacy portion of the *Make Your Money Talk* program. Partially due to our initial recruitment strategies through HACM's homeownership program, the HACM pilot class became WWBIC's first class in which all participants decided to save for the same asset: in this case, a first home. This forced us to adapt WWBIC's financial literacy curriculum and supplemental materials, which previously had emphasized micro-enterprise development, to focus on homeownership and credit, as residents had cited credit problems as one of their main barriers to asset accumulation. We started by focusing more than one class session on understanding and addressing credit problems, since regardless of income, credit history plays a big part in determining eligibility for home mortgages. We also included more asset-specific guest speakers, to provide a stronger overview of the mortgage process, credit repair and debt reduction, and how to work with a realtor, and encouraged participants to take advantage of other homeownership programs and assistance available to them through the Housing Authority, the Wisconsin Housing and Economic Development Association (WHEDA) and area banks. As an incentive for program participation, HACM's Homeownership Program offered any *Make Your Money Talk* participant the opportunity to move to the top of their wait list for homebuyer counseling, which may not sound like a huge incentive, but considering that there are several hundred names on that list, this could cut months off their wait to enter the program and purchase a home.

Program Evolution:

The program was constantly evolving and we tried to gain as much resident input in this process as possible. We surveyed class participants when they entered the program and conducted evaluations at every class session, in order to determine individual levels of financial literacy and the interests and educational needs of each participant. With this information, we have been able to focus class sessions on the areas where class members in general need the most information and training (primarily credit) and to invite guest speakers to provide additional information about programs that interest participants and answer any questions we were unable to address. Additionally, Jenell, during one-on-one sessions with the participants, has been able to address more individual needs and concerns expressed in evaluations.

Breaking Down Barriers:

We faced many challenges in the course of each class. After our first challenge of recruiting and retaining participants, our second became overcoming the taboo of talking about money: many residents did not feel comfortable disclosing their income-levels, personal spending habits, debt issues, etc. One of the first topics we covered was overcoming that uneasiness that often accompanies talking about money. Since the program requires that people discuss money issues with strangers in a group setting, with the IDA Coordinator and later, when they purchase a home, with a loan officer(s), homebuyer counselors, etc, we needed to create an environment where people felt comfortable talking about money. We also wanted participants to feel comfortable bringing these issues up with their spouses and children, so family members would understand changes in consumption-levels and savings and provide a support for these changes at home. In meeting this challenge, Jenell, the IDA coordinator, was indispensable. She is in general very approachable and was able to create a large amount of trust, by sharing many examples from her own life when facilitating sessions. Additionally, the class includes a variety of activities that allow participants to interact with one another, including small group exercises, role-plays, and games. These activities allowed participants to get more comfortable with one another and eventually to share their personal stories and struggles with the rest of the group.

Another challenge we faced with many participants was to convince them that it was possible to save enough money for a home. Public housing residents generally fall in low to very-low income brackets. For many, this makes savings goals seem unattainable and the prospect of saving enough money for a large asset like a home seem impossible. We tried to be as honest as possible with participants about homeownership as a goal: while it is rewarding to own one's own home, it also requires a significant amount of work, increased responsibility and can be significantly more expensive than renting. However, we also wanted to be encouraging. We invited previous program participants, who had saved money in their IDAs for two years and had utilized their savings and match dollars to purchase homes, to the class to share their experiences and strategies. These individuals were able to show participants how the IDA match component brings seemingly unattainable goals into reach, and convince them that their goals were attainable. Additionally, Jenell was able to include many of her own experiences in class discussions about credit, debt and the home buying process. As an African American, a single mother and new homeowner, who had overcome many credit problems and significant debt prior to purchasing her home, she had a lot of legitimacy with the participants and served as a role model.

Another barrier to asset acquisition for many public housing residents is their lack of experience or previous negative experiences with formal banking institutions. Many public housing residents have never had a bank account; for many participants their IDA was their first savings account and their first interaction with a formal financial institution. Many others have had previous problems with checking accounts or credit cards, which have made them wary of working with banks and have resulted in their inability to access credit or open accounts at traditional financial institutions due to poor credit ratings. By design, *Make Your Money Talk* provides participants with an opportunity to interact with a bank and to open a bank account, regardless of past credit problems or banking issues. The financial literacy portion of the program also included a discussion of the pros and cons of opening bank accounts, strategies for managing an account, including balancing a checkbook and understanding finance charges and fees and the dangers of utilizing check cashing stores, pay day loan stores and other predatory institutions.

The Results of the Program:

As the HACM *Make Your Money Talk* Coordinator, I not only helped to develop and implement the program, but was also responsible for evaluating the program and its ability to benefit public housing residents. I did this in a variety of ways: on-going monitoring of the financial literacy portion of the program by assisting the IDA coordinator in facilitating class sessions, talking with participants, maintaining attendance records, meeting regularly with the IDA coordinator to discuss problems, program changes, etc, and reading class evaluations, which were completed at every session and served as both quizzes, to determine what the participants had learned from the session, and a class evaluation: an opportunity for class members to evaluate the class material, methods taught, and guest speakers and to let us know what did and did not "work" for them.

During the second class, we decided to administer a pre-test and post-test to gauge not only changes in participants' knowledge about credit, methods for saving money, budgeting and money management, etc, but also to determine whether or not the methods they learned in the class were useful to them and to gauge changes in each participant's level of self-confidence in dealing with money issues and satisfaction with their current and future financial situations.

Additionally, as required by their contract with HACM, WWBIC prepares quarterly reports of program activity including a narrative summary describing the program's progress during the quarter and a table of statistics, including enrollment and dropout rates for the class, the demographic and economic make-up of the class, the number of qualified participants who open IDAs, the savings goals of participants, average savings rates, the total savings of participants, and any withdrawals from accounts for asset acquisition. A summary of the results of the program is included below:

1. Program Completion Rates:

HACM had originally set aside the funds to provide financial literacy training and a full IDA match ($2000 per resident) to 50 residents. However, despite several different recruitment strategies, we did not meet our goal.

HACM-WWBIC pilot program: Thirty-five residents attended orientation sessions. While all thirty-five signed-up for the class, only twenty-five were present at both the first class session and the make-up session, nineteen completed the course and seventeen (all who were eligible) opened IDAs.

Session II: Despite our broad recruitment efforts, thirty-five residents attended orientation sessions, a total of twenty-one attended a first class session and sixteen completed the financial literacy portion of the program. To date nine participants from this class have opened IDAs.

2. An Increase in Savings:

Of the twenty-five residents who entered the HACM pilot class in October, seventeen have opened Individual Development Accounts (IDAs), saving a total of **$6,475.39** since January. IDA account holders from the HACM pilot class have saved an average of *$66.22* per month. Total savings with match for the HACM pilot class is **$13,104.27**

Of the twenty-one initial participants in the second session of HACM *Make Your Money Talk*, 16 completed the program in late July and to date nine have opened IDAs. As with the pilot program, they are all saving for a first home, although a couple of residents are also planning on exploring entrepreneurship after they have purchased a home. These individuals have saved a total of **$693.99** since opening their accounts, averaging $77.11 for their first month's deposit.

3. Increases in Human Capital:

The *Make Your Money Talk* program focuses first on increasing the financial knowledge and skills of participants and then on providing an opportunity for savings. As such, in addition to obvious fiscal benefits of participation, the program has also resulted in an increase in human capital—in other words, class evaluations and the post test reveal that residents have developed personal financial management skills from the economic literacy portion of the program and have reported that as a result, they are better able to manage their finances, understand credit, set goals for the future and interact with professionals such as bankers, realtors and housing specialists. One participant in the second session noted on an evaluation: "I am really enjoying these classes. I am using what I'm learning in my household. It is working for me." Additionally, class participants have noted an increase in motivation and self confidence—they are more aware of their individual capabilities and are motivated to work towards achieving their goals. According to one graduate, “It (*Make Your Money Talk*) has given me the initiative to move forward with my dream.”

4. Increases in Social Capital:

By bringing people together on a regular basis, to learn and share ideas, the *Make Your Money Talk* program creates a source of social capital for participants. However, it is to be expected that when bringing a group of strangers together, even when that group is relatively homogeneous in terms of race, gender, income, etc, that group solidarity did not form right away. As discussed earlier, the idea of sharing personal finance situations with a group of strangers makes most people uncomfortable. However, members of each class have developed a sense of camaraderie, through sharing experiences and ideas in a group setting. One participant stated, “The information was also very useful in learning how to manage monies and budgeting time and money. The same classroom portion showed me the struggles of other people who were going through what I had to go through.”

Towards the end of the pilot program, class members decided as a group to continue meeting on a regular basis to continue their financial literacy education, by forming a saver’s club: Future Investors of Milwaukee. They elected officers, wrote by-laws and initially met on a monthly basis to discuss tips for saving money, budgeting and other topics of interest. To support their activity, WWBIC arranged for guest speakers to attend meetings and present information to the club members on various financial topics.

The second class had a different strategy for maintaining contact and continuing to share information with each other: they established a “networking phone tree.” They created a class directory with each participant’s contact information and “area of expertise” (i.e. what they do for a living or special skills they have). In the future, when a participant learns of a new opportunity, program or financial strategy, they will call others from the program to share this information.

Additionally, the *Make Your Money Talk* program, by design, provides the opportunity for participants to access “bridging social capital.” While the class instructor uses an established curriculum, the majority of class time is spent interacting with guest speakers, including area bankers and loan officers, credit counselors, homeownership program staff, WWBIC staff, small business owners, etc. These question and answer sessions provide participants with both invaluable information and an opportunity to interact with professionals, who would not otherwise be accessible to them. In addition to the information provided at these sessions, many of guest speakers have offered special services and programs to *Make Your Money Talk* residents such as free credit counseling sessions and consultations to evaluate their debt to income ratio and to determine the size of mortgage for which they would qualify. This program succeeded in bridging a gap between class participants and professionals and created linkages that might otherwise not exist.

Was the program effective?

In assessing the effectiveness of any asset-building program, one must consider not only the impact in terms of the number served, individual changes in skill levels and savings levels, but also the ability of the program to foster changes in behavior that lead to economic self-sufficiency and to have long-term positive impacts on individuals, their families and their communities. While time will reveal the long-term impacts of the program, initial findings pertaining to individual savings rates are encouraging. HACM’s goal was to provide financial literacy training to at least fifty (50) participants. In practice, thirty-five (35) residents completed the financial literacy component of the program and to date 26 have opened IDAs and started saving money (seventeen from the first class and nine from the second class), and we anticipate that the Session II graduates who have not yet opened their accounts will follow suit. Individual participants report that the program has impacted their lives and that they now have the skills and motivation to continue saving money in their IDAs and eventually to purchase homes. In this sense: that the program was able to increase the financial and human capital of individual participants, the program was effective. However the difficulty we had both recruiting and retaining residents in the program, suggests that it might not be an appropriate strategy for many public housing residents.

Why was it so difficult to recruit participants? One answer is that this system does not work for everyone. In Togo we discovered that the tontine system, while largely successful for many, did not positively impact the poorest of the poor. Why? They could not afford to contribute money regularly to a tontine. We faced the same challenge in Milwaukee. Public housing residents generally fall in low or very-low income brackets. Participation in the IDA portion of the program not only requires a change in behavior: developing the habit of regularly saving money, but a minimum income from which to draw money for savings. While the prospect of saving a minimum of fifteen dollars per month may seem small to most people, it may seem daunting to someone who does not make enough money to pay for basic household expenses. Additionally, this program, like many other opportunities, requires time, effort and patience prior to seeing results. Participants must sacrifice their time and energy to the class (nine three-hour sessions over an eighteen-week period), must set aside some of their income every month, and then must wait six months after opening their account to withdraw funds for asset acquisition. While the benefits greatly outweigh the costs, not everyone feels that they can afford to invest their time and income to work towards a future goal.

Another simple answer is that many public housing residents were not eligible for the program. We discovered that most barriers to the program for public housing residents were barriers to enrollment, not barriers to learning the strategies or understanding the concepts presented. The program eligibility requirements set by the Federal government have resulted in a very specific target population: the working poor (employed, but income-eligible for TANF benefits). As many public housing residents are unemployed or are not in the workforce (many are disabled and collecting SSI or SSDI as their primary source of income), they do not qualify for the IDA portion of the program, while they likely would benefit from the financial literacy component.

Additionally, the eligible assets (a home, a business or post-secondary education), established by federal guidelines, while considered to have a profound impact on individuals and their families, may not be attainable for many public housing residents, even with IDA match dollars and financial literacy training. For example, while all of our participants have identified homeownership as a savings goal, many public housing residents are not ready for homeownership, especially considering the extra responsibilities and expenses that accompany owning one's own home such as property taxes, home maintenance and up-keep expenses, utilities (including water, gas, electricity and garbage) and appliances. While participants can use their IDA for the down payment or initial repairs on a first home and may qualify for other programs to provide them with a low interest mortgage or down payment assistance, including HACM's homeownership program, after they purchase their home, participants' monthly expenses could increase considerably, especially if they are moving directly from public housing. Public housing residents only pay 30% of their adjusted gross income for rent, and their utilities are either included in their rent or a monthly allowance is paid directly to the electric and gas companies to pay for their utilities. As such, they may be used to paying a minimum amount for monthly expenses (our ceiling rent is around $500), which will most certainly increase when they purchase their own home.

While there are many financial and psychological benefits of homeownership, such as having equity you can borrow against in times of crises and the ability to own an asset that you can transfer to your children, I have concerns that those who buy homes before they are ready, will end up “in over their heads,” with an additional debt that they cannot manage. While *Make Your Money Talk* includes many topics conducive to homeownership including credit repair, the mortgage process, and household budgeting and while regularly saving money in Individual Development Accounts, allows participants to establish some credit, completion of the program does not guarantee that a participant will qualify for a mortgage, through one of HACM’s partner lenders or through other programs for first-time homeowners. Those who do not receive sufficient support during the home-buying process may be vulnerable to predatory lending when other financing options are not accessible to them.

WWBIC staff members often metaphorically refer to *Make Your Money Talk* as a *vehicle*—a vehicle that paves a path, provides direction for the future and has the ability to help participants leave poverty. In my assessment, the program can help participants to create a different future for themselves, but to expand upon WWBIC’s metaphor, it can only successfully do this for people who are already at a certain point along the road. By this I mean that the program is not an appropriate tool for everyone, particularly not for those individuals who have not already achieved some distance towards self-sufficiency through stable employment.

As a case manager for one of HACM’s family developments, I do not recommend the *Make Your Money Talk* program to many of my residents. Most do not make enough money to set aside some of their income for the future, without compromising their current stability, and many are not employed and would not qualify to open an IDA. That being said, in my assessment, all of them would stand to benefit from formal or informal financial literacy training. In helping them to establish individual plans for self-sufficiency, I focus on helping them to take small steps in the right direction: opening a savings account, learning to balance a check book, starting and completing a GED program, working with a Resident Employment Coordinator to find employment, getting a learner's permit or drivers license, etc. In this process I have referred a couple of residents to the program, but each of these individuals had already come a long way in achieving self sufficiency on their own and had few barriers to asset-acquisition beyond a lack of funding or the inability to save enough money.

Program Costs (Relative to Benefits):

While WWBIC started the *Make Your Money Talk* program with funding from AFIA, the HACM-WWBIC program is funded through a combination of public and private funds. The AFIA funds provide one part of the 2:1 match (up to $2,000 per participant), HACM funds from non-federal sources provide the other match dollars (also up to $2000 per participant), and a HUD ROSS grant (for which HACM is the grantee) provides funds to pay for the financial literacy portion of the program, as well as administrative and accounts management costs ($67,500 for both classes—in this case a total of 35 participants, but WWBIC can accommodate up to thirty in each class if we can recruit more interested residents. The IDA match dollars from both sources are contributed "up front" and remain in an interest earning "reserve" account until participants withdraw savings for an eligible expense. If everyone who completed the financial literacy portion of this program (35) opens an IDA and saves the maximum amount, the total IDA match portion will be $140,000 ($70,000 from AFIA and $70,000 from HACM). Although this amount seems high, it represents a match of $70,000 in savings by individual participants. In this way, it is similar to an employer matched 401k (Although, I am not aware of any employers that will match their employees' savings 2:1) and is small compared to the amount of money the federal government spends on other public assistance programs each year. Also, while the costs of the program were high, this expense does not represent a loss, but rather an investment in individuals through financial literacy training and by matching their savings in IDAs.

However, even considering the fact that this program represents an investment, it still seems expensive to me. As a Peace Corps Volunteer in Togo, I was able to witness how much can be accomplished with very little money. Many of the tontines and groupements with which I worked were able to accumulate significant savings and to become self-sufficient, without a monetary contribution from an outside source. Perhaps in the United States, a monetary incentive for participation is necessary and must be significant enough to be relevant in U.S. economic terms and the expense of the program can be justified as an investment in the community, that will eventually be re-invested in the local economy, through home purchase, a small business, or an increase in the human capital of community members.

How did this program fit within the context of community development in Milwaukee's Public Housing developments?

As mentioned previously, public housing in Milwaukee is changing, both in design and in the services offered to residents. The focus is no longer on simply providing affordable housing to low-income individuals, but also on creating healthy, attractive communities and on helping the residents of these communities achieve their full potential. Because housing is the largest single cost for most families, public housing can be a significant resource for working families, helping to provide the stability necessary for those families to accumulate financial assets and to eventually leave public housing. This is a difficult prospect, though as many residents are unemployed and many are not motivated to change the status quo. The challenge is to offer programs that can assist without creating dependence: a hand-up not a hand out, and that foster independence and self-reliance.

While *Make Your Money Talk* may not be appropriate for many public housing residents, if seen as part of a larger system, it fits nicely with HACM's other self-sufficiency projects, funded by HUD's ROSS and HOPEVI grant programs. HACM's primary self-sufficiency program is focused on helping residents to achieve long-term self-sufficiency through employment at an income level above the entitlement levels for welfare. The Housing Authority recognizes, however, that not every resident is able to transition immediately to economic independence, but rather, will move incrementally along a continuum towards self-sufficiency. The current HACM self-sufficiency program includes programs designed to assist in this process by connecting individuals with job leads, providing job skills training and providing scholarships for post-secondary education. The *Make Your Money Talk* program is primarily effective in helping those individuals who have already moved a considerable distance along this continuum and may be beneficial as a "next step" following a period of stable employment, for those residents who want to become homeowners, start their own businesses or go back to school.

HACM's Homeownership program has several hundred applicants each year, many of which require significant credit repair and financial literacy prior to homeownership. Unfortunately, HACM does not have enough funding to provide homebuyer counseling to all applicants, and therefore maintains a long waiting list. This version of *Make Your Money Talk*, with its focus on homeownership as a savings goal, complements the homebuyer counseling component of HACM's program and through the matched savings component can provide homeownership program participants with additional funds for home repairs and capital improvements (down payments are funded by HACM). Homeownership program staff will continue to refer residents who are qualified for WWBIC's program and who they feel are motivated enough to stay in the program and those residents who graduate from the economic literacy portion of the class will continue to be eligible to move to the top of the waiting list for HACM's program, which may provide an incentive for participation in both programs.

In order for the program to continue to be effective, it must remain flexible and responsive to the needs and expressed interests of participants. Because WWBIC must operate within the constraints of the federal grant program that provides funding for *Make Your Money Talk,* it is limited in the changes it can make to the program to increase its effectiveness as a tool for poverty alleviation. As it currently exists, the program has been very successful in assisting some HACM residents to begin saving money towards their own home. That being said, it is not a broad tool, and it may not benefit all public housing residents. If funding is found for such an effort, it may be appropriate to offer a different version of this program to HACM residents—one that places more of an emphasis on skill building and financial literacy and does not include an IDA component.

As stated previously, while many public housing residents do not qualify for an IDA, most would stand to benefit from financial literacy training. The challenge is recruiting residents for a program that does not include a financial "carrot" or monetary incentive to offset the "cost" of commitment to a long-term program. However, there are other ways of providing incentive, without the long-term commitment and restrictions of an IDA. Currently WWBIC offers a six-session version of *Make Your Money Talk* in Madison, WI, which includes the financial literacy component, but does not include Individual Development Accounts as a program goal or incentive. This class is designed as a guide to personal money management, covering such topics as creating a personal budget, developing a personal savings plan, and dealing with past and future credit issues. As an incentive, all individuals who complete the series receive a $50 savings bond to kick off or add to their savings plan.

I believe that if we could successfully recruit residents for a similar program, it would have the potential to serve more people, including those who are unemployed due to disability, and could be a broader tool for poverty alleviation. While this program would not provide the structure and mandatory deposits that *Make Your Money Talk* includes, and thus may not result in an immediate behavior change, a little motivation and training could go a long way. Additionally, with a focus on credit repair and the inclusion of guest speakers as a key part of the methodology, the program could have a similar effect on the human and social capital of participants, without requiring that they be ready for asset acquisition. The traditional *Make Your Money Talk* program would still be available to those residents who were ready for asset acquisition, and the "lite" program would be available to a broader audience, those who need financial literacy training, but who are not ready for the long-term commitment of an IDA.

Conclusions

The purpose of a demonstration program is to examine the relationship between theory and practice and to test ideas through implementation. Over the past year, I have had the opportunity to participate in such an experiment and to examine through implementation WWBIC's *Make Your Money Talk* program. I have been able to see how and when this program can be an appropriate strategy for assisting individuals in escaping poverty and how this program can be implemented as a complement to the more comprehensive strategy offered by the Housing Authority.

Is the program an effective tool for poverty alleviation?

Only time will reveal the long-term impacts of this program at helping individuals to escape poverty. Initial findings suggest that for those individuals who have already achieved a certain degree of self-sufficiency, the ability to build assets and develop financial skills will certainly help them to move further out of poverty. In the past eleven months we have helped 35 individuals begin this journey by investing in their economic, human and social capital and that in itself is significant.

Was the program effective for public housing residents?

Yes and no. While the program has been effective for some, our recruitment difficulties and high drop-out rates have indicated that perhaps many public housing residents are not ready for IDAs or are not able to commit to a long-term savings program. In other words, it is not an appropriate tool for assisting everyone. As a part of a comprehensive strategy and in combination with HACM's other programs and services, this program can benefit those residents who have already made significant strides towards financial independence and that is not to be discounted. Our challenge as practitioners will be to help individuals to develop personal plans for self-sufficiency and to offer them the opportunity to build assets as a part of that process. To quote the Secretary-Executive Director of the Housing Authority, Antonio Perez, "Our families do not live in isolation, and we will continue to form partnerships that will help them to become part of the mainstream of this great city and to achieve the highest aspirations of our national dream."

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