

## **For Many Battling Poverty, Financial Security Is the Key to Success**

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*This commentary is part of a series highlighting the work of the 2012 [Ideas for Action Award](#) winners, sponsored by The Northwest Area Foundation, University of Minnesota, and University of Washington. This award recognizes organizations that take practical and innovative approaches to helping low-income individuals.*

Financial insecurity is often an underlying illness to the multiple symptoms that anti-poverty agencies and nonprofits seek to address. Dedicated organizations and individuals invest time and energy in alleviating homelessness, ending cycles of violence, transitioning ex-offenders, and developing career plans for the unemployed, but the financial insecurity that compliments these challenges is too often ignored.

Low-income families cannot fight their way out of poverty if they do not have the tools to achieve permanent economic stability. Through our work helping low-income families reach their long-term financial goals, The Financial Clinic has identified the key challenges to attaining economic security. While the barriers are real, so are the solutions that may help these families stay out of poverty for good.

The Clinic has helped more than 10,000 households secure over \$15 million in tax refunds, alleviated debt, and encouraged new savings through our direct services work in New York City and Newark, New Jersey. We have also aided social service agencies in achieving greater impact by identifying common financial barriers their customers face and designing financial development frameworks that can be embedded into the services they provide. While there is no singular way to ameliorate the challenges facing the nation's poor, the Clinic's approach to incorporating financial development into other interventions offers organizations a flexible and versatile framework.

Through this work, we have also been able to identify three main challenges to achieving financial security, and three corresponding solutions.

The first challenge is that public agencies and networks of providers often view their customers' vulnerable state and their underlying poverty as two distinct issues. They tend to perceive their service focus as crisis-oriented, and they believe that customers are too poor to begin saving. Programs may recognize financial development as important work, but better saved for a different time and place after the emergency is averted.

The second challenge is one of leadership. Nonprofit management teams are often concerned that they lack capacity to build financial development into their services. They believe staff are overburdened and have too much on their plates, which reinforces concerns about expanding programs to include financial development capacity.

Finally, there are significant barriers when it comes to working with nonprofit program staff. Embedding financial development into existing work is met with great concern by an already overwhelmed staff who may take on the "not in my job description" mentality. It is also essential to consider how program staff themselves may be one paycheck away from the financial insecurity issues their customers' experience. And the taboo nature of discussing personal financial issues amplifies their fear of weaving this topic into day-to-day conversations with customers.

These problems are real, but they are not insurmountable.

The first step is to ensure programs are addressing the roots of poverty. Through the Clinic's work with the New York City Human Resources Administration's Emergency and Intervention Services and the United Way of New York City, we were able to prioritize financial stability as a core part of domestic

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violence safety planning and risk mitigation services. Shelters and non-residential program teams were trained to bring the conversation to the forefront so programs are not only focused on survivors' emotional and psychological well being, but also any underlying financial instability.

Second, leadership must recognize that aligning financial security with organizations' missions can be a very powerful way to get traditional social service programs working toward their goals more effectively. Often, unidentified financial insecurity issues thwart customers' career advancement progress. By embedding financial security activities into career advancement programs, we found that customers' workforce development outcomes were stronger. In addition, the appeal of this type of outcomes-oriented approach is growing more popular as the fundraising community has begun to increasingly favor performance-based contracts.

Finally, social service staff must support behavioral changes that last. There are many concrete activities social service staff can incorporate into their case management to help customers take proactive steps to improve financial security. Staff may find their work more satisfying when financial security activities are repurposed to suit their field and are grounded in their everyday conversations. In the process, they may examine their own financial security, leading to improved retention, motivation, and commitment to mission.

By expanding traditional social service models to deliver a more comprehensive set of services, the field can collectively tackle underlying financial insecurity issues and contribute to a more economically stable nation. When we make financial security a top priority, low-income families are in a better position to escape poverty for good.

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