

Insights on Financial Resilience from the RAISE Texas Coalition



On November 5 and 6, 2020, RAISE Texas and the Federal Reserve Bank of Dallas hosted the RAISE Texas Virtual Action Summit on Financial Resilience. A survey by the Episcopal Health Foundation found that half of Texans say the pandemic has caused them financial hardship. The summit highlighted promising response models and explored three key stages to building financial resilience for vulnerable populations.

- 1** Achieving short-term financial stability to cope with life's disruptions.
- 2** Achieving income stability. Families can't pay bills or save money without living wages, stable income and strong benefits.
- 3** Crafting savings programs and policies, including emergency savings, retirement savings and more. Income helps people get by; savings helps people bounce back from emergencies and get ahead.

The summit brought together 140 national experts, state leaders, nonprofit practitioners, bankers, credit union representatives, funders and community organizers to discuss best practices, challenges and resources.

Here's what we learned:

VIRTUAL SERVICES CAN REACH TEXANS

The switch to virtual services was done out of necessity, to allow practitioners to continue serving clients, but it actually made financial coaching and other services more accessible to many clients with internet access. Programs reported higher uptake from single parents, who no longer faced barriers of transportation and childcare for virtual participation. Many groups saw increased participation and fewer no-shows. While Texas works to bridge the digital divide, it is also important to continue investing in the capacity of organizations to expand and refine their virtual services post-pandemic.

BUILD BETTER VIRTUAL SERVICES

- Streamline and reduce paperwork for clients.
- Create systems so clients do not have to repeat their story to access different services.
- Provide technology grants for nonprofits to expand and improve virtual services and to equip clients, especially those who could be better served virtually with access to the right equipment.

SAVINGS IS A CYCLE, NOT A BALANCE

Clients should be encouraged to save money, but at a rate and place that works best for each individual. Practitioners recommended encouraging clients to start with very small savings goals. Unrealistic savings goals are one of the biggest challenges and can cause people to give up on saving. Teach

that savings is a cycle, not a destination or account balance; save money, use savings when needed, and start saving again. When tapping into savings feels like a set-back or failure, clients leave their savings untouched and instead turn to higher-cost predatory loans. With this "real life" approach to savings, it is important to not measure saving success only by account balances.

CHALLENGES TO SAVING

For many clients, the biggest barrier to not being able to pay bills or build savings, is not earning enough income. Also, debt responsibilities often take priority over saving. Practitioners shared that it is difficult to encourage saving when that money could be used to reduce debt or pay back friends or family.



Empower clients to use emergency savings when they need it and educate funders that is what emergency savings is for!

– Kathryn Arnold,
Pathfinders



A person can say, "you should save," but until you get out with people and walk in their shoes, you don't know what they have to spend their money on.

– A Resident Services Coordinator



SUCCESSFUL PRODUCTS AND PROGRAMS

- Credit Building Loans with 0% interest
- Employer-based small dollar loans (e.g., Community Loan Centers)
- Free or low-cost savings accounts that can be opened virtually
- Lending Circles
- Soft skills training with job placement and employment services
- Matched or incentivized savings programs

INCENTIVES WORK: Practitioners from all over the state shared stories about the effectiveness of offering match money and incentives to encourage saving, although they also emphasized that the size of the match matters. Programs have successfully offered 1:1 and larger savings matches, rent discounts and gift cards. Houston's Covenant Community Capital recommended providing incentives for other benchmarks that are important to building financial resilience, such as monitoring blood pressure, securing insurance and making a will. Despite the effectiveness of incentives, Texas programs continue to face funding and sustainability challenges.

CHANGE THE DIALOGUE: Practitioners talked about the continual process of making their services more client-centered: (1) a financial coach learned to ask clients, "What do you have set aside?" instead of asking "How much do you have in savings?"; (2) when discussing income options, recognize the value of the informal economy that allows clients to be resilient and entrepreneurial by selling food, masks and other goods; (3) when discussing budgets, respect that familial and community financial obligations may be prioritized over savings and other expenses.

RECOMMENDED SUPPORT SERVICES

- Free tax preparation services and support with IRS issues
- Wills and probate legal clinics
- Rental assistance
- Childcare for job searches and work

WHAT IS NEEDED TO SUPPORT FINANCIAL RESILIENCE?

- Provide sustainable solutions for transportation and affordable childcare
- Find sustainable incentives for savings programs
- Offer affordable small dollar loan options that do not require a good credit score
- Create more small dollar loan options that help people get out of high cost payday loans
- Address financial deserts in Texas and increase access to affordable financial services
- Support ways to save for retirement when employer-based options are not available



UNDERSTAND GENERATIONAL DIFFERENCES

Older clients tend to have more distrust of financial institutions, while younger generations are more easily lured by get-rich-quick offers and well-marketed predatory products.

STAY CONNECTED:

Watch for events with RAISE Texas and our partners on building financial resilience.

[RAISE Texas](#) [Events](#) [2020 RAISE Texas Summit Recordings](#)