

**A Brochure Is Not Enough: Educating Latinos Through One-on-One
Financial Counseling**

NCLR Annual Conference Workshop
July 28, 2009

The National Council of La Raza (NCLR)—the largest national Hispanic civil rights and advocacy organization in the United States—works to improve opportunities for Hispanic Americans. Through its network of nearly 300 affiliated community-based organizations (CBOs), NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico, and the District of Columbia. To achieve its mission, NCLR conducts applied research, policy analysis, and advocacy, providing a Latino perspective in five key areas—assets/investments, civil rights/immigration, education, employment and economic status, and health. In addition, it provides capacity-building assistance to its Affiliates who work at the state and local level to advance opportunities for individuals and families.

Founded in 1968, NCLR is a private, nonprofit, nonpartisan, tax-exempt organization headquartered in Washington, DC. NCLR serves all Hispanic subgroups in all regions of the country and has operations in Atlanta, Chicago, Long Beach, Los Angeles, New York, Phoenix, Sacramento, San Antonio, and San Juan, Puerto Rico.

Copyright © 2009 by the National Council of La Raza
Printed in the United States of America
All rights reserved

MODERATOR

Janis Bowdler, Deputy Director, Wealth-Building Policy Project, NCLR

PANELISTS

Melissa Koide, Deputy Director, Asset-Building Program, New America Foundation

Kristen Komara, Director, Financial Services, The Resurrection Project

INTRODUCTION

These proceedings highlight prominent themes raised during the workshop, “A Brochure Is Not Enough: Educating Latinos Through One-on-One Financial Counseling,” hosted by the National Council of La Raza (NCLR) at its 2009 Annual Conference in Chicago, Illinois. Participants discussed one-on-one financial counseling and how it might improve the way consumers make financial decisions. Studies indicate that financial literacy classes alone do not improve families’ solvency. Evidence does show, however, that families greatly benefit from personalized financial planning done through one-on-one counseling. Counseling better equips participants to set and accomplish financial goals and make informed decisions.

Numerous middle- and low-income families cannot afford to pay for expert financial advice. Unfortunately, in a financial climate rife with confusing loan terms and exotic products, many Americans do not have a fighting chance of signing up for a loan they fully understand. A borrower will almost always be sitting across from a lender who knows more than him regarding financial products. We cannot maintain this status quo; the rising loan delinquencies beg for a change in this system. To even the playing field, an individual should be equipped with information provided by an objective and professional counselor who works on behalf of the borrower.

DISCUSSION THEMES

This section reflects dominant themes raised by panelists and audience members. They include elements of successful programs and the advantages of one-on-one counseling versus classes only.

Classes and counseling should cater to participants’ individual needs. Personal financial planning is critical for participants to truly change their habits. If financial classes are offered without context, participants are less likely to incorporate what they learned into their daily lives. Some lending institutions believe they have done their duty by offering general financial education to consumers. However, this method of education has had little impact.

Lack of funding and administrative support creates logistical obstacles that prevent the financial counseling programs from expanding. Every financial counseling program model comes with its own successes and challenges. The optimal circumstance would be to nurture a lasting relationship with clients. A program with such depth and breadth demands a lot in funding, personnel, and commitment; these are scarce during turbulent economic times. The community programs that offer financial counseling to lower-income neighborhoods often struggle to secure funding for administrative work that is key to taking the program to scale.

There is a demand for financial advice in Spanish. Bilingual staff are critical to helping Spanish-preferred clients map out their financial goals. If there are not enough bilingual staff available, resources should be devoted to training them.

Although lower-income families generally cannot afford to pay for a financial advisor, they often stand to benefit the most from financial counseling. Because the working poor often live paycheck to paycheck and are most vulnerable to shifting economic conditions, they need expert advice on how to best save and prepare for the future. A financial plan that is tailored for the individual can help one make significant progress.

Counseling staff must be innovative and resourceful to run a successful program. While it is important to be knowledgeable, program staff do not need to know everything. When appropriate, they should incorporate the services of other experts or organizations to meet participants' needs. A counselor should maintain open continuous communication with participants. If a participant misses a class, for example, it helps to follow up and inquire about her needs. Personal attention encourages participation. In addition, staff should keep in mind that enhanced data collection may lead to improved funding. In particular, concrete data about participants' success could help programs attract more funding, which could help programs scale up to a national level.

A program should maintain high expectations of its participants and should not necessarily offer product incentives. One practitioner mentioned a migrant-worker program that offered computer classes. Initially few participants attended. However, when they linked computer knowledge to their children's interests, parents were more involved with the classes. Ultimately, that and word of mouth increased class attendance. The Resurrection Project's *Mujeres Avanzando* program was offered an example. It is time and funding intensive. It involves three years of a client's commitment. This did not appear to be a barrier, however, as The Resurrection Project had numerous success stories to report and a growing interest in the program. They do not incentivize participants with products, but they do offer free daycare during meetings. It was recommended that practitioners keep high expectations of their clients. They must raise the bar so participants sense the confidence in them.

RECOMMENDATIONS

The following are examples of program models recommended by panelists and audience members during the workshop with varied opinions:

One model relied on financial development clinics to build national infrastructure. Such a program would rely on pro bono services similar to the legal system's model. This structure could help streamline data collection and expand funding opportunities. Some workshop participants disagreed with the model for two main reasons. First, since pro bono assistance tends to be intermittent, it is not likely to facilitate lasting relationships with a client. In response to this, one recommended that the pro bono service take on a triage role. A pro bono provider could assess a client's needs and then refer them to a caseworker in his or her local program. With this model, clients, funding, and resources could all be funneled down to community organizations where long-term assistance could be provided. Second, some practitioners have

run into a language barrier with other pro bono workers. They often cannot speak Spanish and Spanish-preferred clients remain underserved.

An additional model was product-driven and offered a free checking account or a match savings program, for example. Participants might be more willing to sacrifice their time if they received something concrete from the program. Some disagreed with this model, intimating that the goal should be to help clients appreciate the financial counseling for counseling's sake and not for the purposes of getting something at the end of the program.