MAKING SENSE OF FINANCIAL EDUCATION

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A DISSERTATION
in
Education

Presented to the Faculties of the
University of Pennsylvania
in Partial Fulfillment of the Requirements for the
Degree of Doctor of Philosophy
2007

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Dedication

to my parents
ABSTRACT

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A major area of concern for sociologists and economists who study poverty and inequality is the financial well being of low-income individuals as measured by their opportunities to participate in what is considered the “mainstream financial market.” Scholars suggest that a myriad of factors, including lack of convenient access to banks, little access to information and educational opportunities about a rapidly changing financial market, and conscious choices not to have a formal banking relationship limit participation in the mainstream financial market (Berry, 2004; Bond & Boucher, 2000; Braunstein & Welch, 2002; Carr & Scheutz, 2001; Conley, 1999; Dunham, 2001; Edin, 2001; Hajaj, 2002; Manning, 2000; Stegman & Faris, 2003). Financial education is framed as a tool to help low-income individuals move from the alternative financial sector to the mainstream.

To analyze the role that financial education does and can play in the lives of low-income individuals, this dissertation explores the financial practices and perspectives of students and teachers in a financial education program offered at two local non-profit organizations. I argue that it is critical to examine the actual decision making processes of individuals in this market, not just the products they engage with, in order to fully develop a plan to either (a) implement effective financial
education programs that realistically target the needs of low-income individuals and (b) understand for whom such programs are appropriate and for whom they are not.

The findings in this dissertation suggest that, to be effective, financial education must address the reality that as individuals make financial decisions, they take into consider a myriad of financial factors many of which are unique to that individuals. The financial education programs in this study tended to offer prescriptive formats for financial management and choices. Instead, these programs should work to help individuals learn to consider their personal factors and make personal choices that reflect their realities. In some cases, this means that a combination of alternative and mainstream financial services may be the best options for some individuals.
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Chapter I: Introduction

A major area of concern for sociologists and economists who study poverty and inequality is the financial well being of low-income individuals as measured by their opportunities to participate in what is considered the "mainstream financial market." The mainstream financial market consists of "mortgages, savings and checking accounts, consumer loans, home equity loans, lines of credit and certificates of deposit" as well as mutual funds, retirement funds, stocks and bonds (Carr & Scheutz, 2001, p. 6). Those that operate in the mainstream market have assets and can borrow against these assets to build more assets. Scholars suggest that a myriad of factors, including lack of convenient access to banks, little access to information and educational opportunities about a rapidly changing financial market, and conscious choices not to have a formal banking relationship limit participation in the mainstream financial market (Berry, 2004; Bond & Boucher, 2000; Braunstein & Welch, 2002; Carr & Scheutz, 2001; Conley, 1999; Dunham, 2001; Edin, 2001; Hajaj, 2002; Manning, 2000; Stegman & Faris, 2003). The deregulation of the banking industry in the United States in the past 25 years has resulted in alternative banking options for low-income individuals as local branches have closed and "fringe banking" options have expanded. Federal political attention in response to these changes has come in the form of the Financial Literacy and Improvement Act that supported the development of the Financial Literacy Education Commission (FLEC).¹

¹ According to a press release from the Office of Public Affairs of the US Treasury Department, "The Commission was established by the Fair and Accurate Credit Transactions Act, signed by President Bush on December 4, 2003. The Commission will work to promote and improve financial education by coordinating the many efforts..."
FLEC and academic researchers have suggested that a well targeted and thorough research effort will be required to understand more about how low-income individuals operate financially and to identify best practices for financial education (Immergluck, 2001; Lyons, 2003).

The “alternative financial sector,” or what is often referred to as “fringe banking,” is comprised of, among other companies; check cashing agencies, payday lenders, pawnshops, “sketchy” loan brokers and loan institutions. The products offered in this sector, which will be explored in greater detail in this paper, charge fees for traditional banking service or charge high interest rates for short-term loans. Fringe products have been examined with a focus on who chooses to patronize this market and why (Carr & Scheutz, 2001; Fox, 2004; Hogarth, Anguelov, & Lee, 2003; Hogarth & O'Donnell, 1999; Manning, 2000; Stegman & Faris, 2003). The options for individuals with cash-flow problems have been expanding and, in general, fringe products remain under-regulated in comparison to banks. Common programs and policies to battle the wealth-depleting effects of these products are credit-counseling programs, state regulations on payday lending, and funded financial education programs offered by non-profits, banks and schools. Research efforts have also attended to the effects of these educational and policy-based interventions (Carney & Gale, 2001; Dailey & Boshara, 2001; Elliehausen, Lundquist, & Staten, 2003; Hurst & Ziliak, 2004; Lee & Hogarth, 2000; Lyons, Hogarth, Schuchardt, Smith, & Toussaint-Comeau, 2003; Schreiner et al., 2000; Shea, 2001; Sherraden, 2001; Sherraden, Schreiner, & Beverly, 2003; Stegman & Faris, 2003; Zhan,
Anderson, & Scott, 2006). Unfortunately, there is little consistency across the research with respect to what constitutes “financial education” or “success” in a financial education program (Carr & Scheutz, 2001; Lerman & Bell, 2006). Each of these research areas offers an important perspective in helping to gain a full picture of the complexity of the current financial situation of the low-income individuals and families.

Over the past fifteen years, increasing national attention, in the form of both policy changes and monetary investment, has been given to the state of individual financial literacy and existing financial education efforts in the United States. In late 2003, President George W. Bush signed a bill to establish the Financial Literacy and Education Commission (FLEC), which is part of the Office of Financial Education. The mission of this office is “to improve the financial literacy and education of persons in the United States through development of a national strategy to promote financial literacy and education” (United States Government Accounting Office, December, 2006). At the same time that federal attention is being given to financial education, not-for-profit organizations are looking to distribute funding for the development of new programs, curricula, and research in this area. The National Endowment for Financial Education (NEFE) is a non-profit organization committed to funding individuals and organizations interested in breaking new ground in the area of financial literacy and education.2 Other financial education programs have become critical elements in many asset-building efforts for low-income individuals across the United States.3 Financial education efforts

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2 For more information, see www.nefe.org.
3 Low-income is used to mean individuals earning 50% of area median income, the definition used by HUD (see http://www.phila.gov/ohcd/incomeguide/html). In 2006, in Philadelphia, for a household of 3, 50% of the area median income was $32,450. A
have become part of credit counseling, home ownership programs, bankruptcy counseling, and high school curricula.

Interest in financial education, specifically regarding low-income adults, arose, in part, due to: changes in the structure of financial markets and services in the United States; new technology which accompanied these changes; and the role that specific financial knowledge plays with respect to social mobility (United States Government Accounting Office, December, 2006). Changes in laws that govern banks have resulted in what is viewed by many as a dual banking system that offers vastly different options for low-income individuals and those with more money. In addition, attention to the widening income and asset gap, particularly with respect to race and class, has informed and fueled interest in examining the problems of access to financial products and financial education along income lines (e.g., Conley, 1999; Manning, 2000; Oliver & Shapiro, 1995).

Financial education is promoted by the United State government, among others, as a means of addressing many of the financial problems of low-income individuals, especially budgeting to increase savings and asset building opportunities. The current financial market for those without bank accounts (the unbanked) or without strong banking relationships (the underbanked) offers a multitude of options with a wide range of prices, ranging from low- to no-cost transactions to predatory and potentially unlawful pricing schemes. It is the use of this market that has created concern among financial educators and policy makers about the financial practices and choices of low-income

discussion of the definitions of poverty, low-wage and low-income will follow later in this document.
individuals, the products that are utilized, and the information available to inform financial choices.

An assumption underlying financial education is that providing low-income individuals with information about how to make financial decisions will prepare them to make efficient and rational choices. Such choices will increase individuals’ chances of building assets in the future. The implicit assumption is that the main force that is driving peoples’ financial behaviors is knowledge about financial options and about how to make decisions. With more financial knowledge, they will make “better” decisions. According to this model, financial decisions are straightforward: once all the financial options are known, and how to make the decision is understood, then the right choice is obvious and likely the same for most people. Further, in this model, the role of education is to inform individuals about product choices, prices and about decision-making processes. This relationship between the role of financial knowledge, education and behavior leaves little room for variation between individuals regarding the choices they make and the reasons they make those choices. It also has implications on the ways curricula are written and implemented; curricula, in this case, are designed to give people information about products and show them how to make financial decisions.

To examine the validity of this model, it is critical to examine the actual practices of individuals in this market, the knowledge that they deem relevant to their decisions, and how that knowledge informs their decision-making processes. Current concern around low- and moderate-income financial knowledge is driven by market analysis that shows high rates of use of what are considered expensive alternative financial products among these populations. However, it is not enough to simply examine the products, the
frequency of use of these products and the cost of those products. Individuals’ choices may be situated in a larger picture in which decision-making may be more complicated than those factors. In fact, their choices may be rational, but may include a broader and more complicated set of factors related to their unique and particular situations. Examining the ways individuals model their own financial situations and calculate the costs and benefits of particular actions can inform financial education efforts and curricula development.

This study explores two settings where financial education is offered. In both settings, the program is examined from the perspective of the curriculum, teacher and students. The first program is part of the financial education efforts of a not-for-profit credit counseling service in Philadelphia. In this program, the goal is to help individuals have their checking account privileges reinstated. Individuals who have lost checking privileges can get them reinstated after participating in a class designed to educate them about checking and banking. The second program is also in Philadelphia and is a welfare-to-work program with a budgeting component. In both settings, an overarching goal was to learn about how financial decisions were made. In particular, what factors were considered when making decisions and how participants gave weight to those factors.

The research questions that guide this study are:

1. In financial education classrooms how do teachers present the process of making financial choices and decisions?
   a. How do they adhere to and deviate from given curricular and written materials?
   b. Do students play a role in determining the information that goes into the models of decision-making that are presented in the classroom?
   c. How do students react to the information represented in these classrooms? What do they report learning?
2. What experiences and understandings about financial matters do students use to inform their actual practices?
   a. How varied is this information across students and across settings?

3. What can the financial education classes of a credit-counseling program and a welfare-to-work program tell us about financial education programs in other settings?
   a. How does learning about the reasoning behind participants’ financial actions inform the development of financial education curricula?

In the next chapter, I outline the historical context of financial markets in the United States and the recent changes to this structure. This analysis provides context for relevance of financial education in today’s market. I review the literature on what we know about financial practices of low- and moderate-income people and the costs of those practices. I conclude this chapter with a conceptual framework that focuses on the financial products that are used by low-income individuals and research on how and why individuals operated in the alternative financial market. Chapter III focuses on my research context and methodology. In this chapter I describe the settings in which my research took place and how my methodology allows me to investigate my research questions. In Chapters IV and V, I offer analysis of the data collected in the two settings and examine what was learned in each setting about individuals’ financial practices and the capacity of those settings as learning environments. In Chapter VI, I look across both settings to examine what can be learned more generally about financial education curriculum and the rationale behind particular financial practices. In that chapter I present a framework for understanding financial decision-making and illustrate personal factors are important components of financial choices, which vary greatly from person-to-person. Chapter VI also raises questions about the assumptions about individuals' financial practices that are embedded in many financial education curricula and how those may
serve to limit the effectiveness of such classes. In Chapter VII, I conclude by discussing how using an education framework to examine social policy initiatives that rely on classroom work offers an important and useful perspective. I reexamine the way policymakers frame financial education in light of this study and I offer several broad and specific policy and education suggestions.

Using qualitative research methods, this study illustrates how complex the process of making financial choices is. The financial marketplace in 2007 presents a multitude of financial choices and many of them serve the same purpose, although their direct and associated costs vary. As individuals make decisions about which products to use, which bills to pay and how to make their payments, they consider a myriad of factors and this process is not always verbalized. An outsider examining an individual's financial choices might raise questions or concerns, but without knowing how and why that individual came to make her choices, it is hard to know if these concerns are valid. The work in this study serves to highlight how individuals' everyday experiences inform their financial choices. In doing so, it raises important questions about the design of financial education curricula and its implementation. Placing financial education in the context of an anti-poverty initiative, policymakers must be sure that the curricula that are funded recognize and work within the realities of how individuals make financial decisions. Additionally, the teaching methods must reflect a theory of teaching and learning that acknowledges the importance of individual's construction of their own financial situation and works to help individuals understand if their choices are optimal or if, in fact, additional information would change their decision-making models.
Chapter II: Historical and Empirical Background

In this chapter I provide a context for the recent push for financial education. I begin by reviewing recent changes in the financial marketplace, which affect low-income consumers in particular. By looking at empirical research, I provide an understanding of the current patterns in consumer behavior that are causing concern for policy makers and those interested in low-income individuals’ ability to build assets. To clarify the use of the term low-income, I explore how various agencies and authors have defined low-income and discussions about the adequacy of these measures. Having examined the market context, I offer a discussion of the manner in which federal initiatives have framed and are framing the potential role for financial education. Lastly, I report on existing qualitative research that prioritizes the voices of low-income individuals and in doing so highlights important realities and difficulties that might otherwise go unnoticed.

Historical Context

Deregulation of Banks: Changes in the Structure of the Financial Market

In the past 25 years, banking regulations have changed. Banks are now permitted to be larger, cross state lines and offer an expanded array of higher risk products. These changes have resulted in increasingly complex banking options for all customers. At the same time, the number of bank branches in low-income areas has decreased. As financial options have increased, both in the mainstream and alternative sector, and “household debt hovers at record high levels” (United States Government Accounting Office, December, 2006, p. 34), financial education has been seen as a potential remedy.

Since the mid-1980s, laws and guidelines that dictate the size and scope of banks
and banking products have become more relaxed. As a result of this process, several large banks now operate a majority of the market (Carr & Scheutz, 2001; Immergluck, 2001). For low-income communities, there are several direct consequences of this deregulation. Large banks have bought out many small local banks, and the newly merged large banks have closed many of the less profitable smaller branches. These least profitable branches were disproportionately located in poorer communities (Carr & Scheutz, 2001).  

Daniel Immergluck (2001) notes:

[The] Federal Reserve researchers found that, from 1985 to 1995, low- and moderate-income neighborhoods accounted for almost two-thirds of total decline in branches over this period, despite only accounting for one-fifth of all branches in 1985. Over roughly the same period, the number of check cashing outlets has tripled according to industry estimates. (p. 31)

In addition, there were no laws or policies in place to ensure that as local banks closed, fairly priced banking options for community members remained available. Financial alternatives, with higher cost-per-transaction fees than banks, appeared in low-income neighborhoods during this time and their presence has been steadily increasing over the past 20 years (Carr & Scheutz, 2001).

With the closing of local bank branches, low- and moderate-income individuals were left with primarily fringe services and few convenient mainstream banking options. Estimates of the cost of using fringe services, like check cashing outlets, are typically estimated to be higher than using a bank. Katy Jacob from the Center for Financial Services Innovation reports that the U.S. has an “underbanked population that spends at least $10.9 billion on more than 324 million alternative financial services transaction every year” (2006, p. 2).

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4 Carr and Scheutz (2001) do not provide a definition of “lower-income.”
In addition to cost of new products, individuals must also learn about the changes in banks and the regulations on their practices. As banking products and financial management have changed, older community members no longer are able to act as a knowledgeable resource about banking and money; they too become learners. Situating learning opportunities in the reality of the market and within recent history is critical to understanding how to support new members of the financial market as well as assisting older members. Both of these populations are learning to operate in an essentially new banking world.

It is important to note that while banks have been deregulated, they are not unregulated. Banks follow rules and guidelines that encourage them to serve all income levels; fringe banking services, on the other hand, often operate in a far less regulated manner. As Robert Manning (2000) notes, “corporate loan sharks are enjoying a feeding frenzy in the murky and largely unregulated waters of fringe banking” (p. 197). However, while mainstream options have been limited in low-income communities, members of those communities do not operate exclusively in the alternative market sectors, they enact a wide range of financial choices and behaviors.

Community Reinvestment Act

The deregulation of banks has not gone unnoticed by policy makers. The Community Reinvestment Act (CRA), established in 1977, is one of the main policy efforts aimed at protecting the banking and finance options available to low-income communities. It was designed to eliminate redlining practices, in which banks would not

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5 Low- and moderate-income, with respect to the CRA, follow the Department of Housing and Urban Development (HUD) definition that names 50% of the median area
lend to members of communities comprised of low-income minority residents. Redlining practices often resulted “in the disinvestment and decline of many older, central-city, and typically low-income and minority neighborhoods, and a shift of jobs to surrounding areas” (Haag, 2002, p. 252). Susan Haag also notes that:

The CRA addressed this problem [redlining] by recognizing a ‘continuing and affirmative obligation’ on the part of depository institutions to help meet the credit needs of the local communities in which they are chartered to do business, and by directing the banking regulators to encourage the institutions that they supervise to carry out this obligation. The hope was that by encouraging depository institutions to look for profitable lending opportunities in their local communities, the CRA would be a tool for revitalizing inner cities. (p. 252-253)

That is, the CRA states that banks must lend money to members of the community from whom it accepts deposits.

Banks are monitored for compliance with CRA regulations. Their CRA rating is considered when a bank is interested in a merger or an expansion of products offered. However, Manning (2000) argues that examination of a CRA rating is “a very rare occurrence” (p. 197). At the heart of evaluating a bank’s CRA compliance is the physical determination of its “community.” Haag (2002) suggests that since banking deregulation has led to the emergence of large banks, defining the local community to which a bank is responsible has become more complex. “To the extent that the geographic area for evaluating a bank’s CRA performance continues to be the area surrounding the physical facilities (even if they are unmanned supermarket kiosks or ATMs), a growing portion of bank lending and other activities will fall outside the purview of CRA review” (Haag, 2002, p. 267).

income as very low income and 80% as low-income (http://www.phila.gov/ohcd/incomeguide.htm).
Research on the effectiveness of the CRA has shown that lending for the purpose of home ownership in many low-income communities has increased (Haag, 2002) and more small business loans have been granted. Despite increases in those areas, current CRA regulations, while aimed at helping lower income communities raise questions with respect to overall effectiveness. Michael Barr (2004), citing Michael Stegman and Robert Ferris (2002), states:

The CRA service test, under which the regulators evaluate bank and thrift performance in meeting transaction, savings, and other community needs, has received perfunctory attention from examiners, with public evaluations containing little or no analysis of whether low-income consumers actually use bank or thrift products or services. (p. 13)

The ability to maintain the presence of banking branches in low-income communities has not been strongly affected by these measures. As banking branches have closed in low-income areas, alternative financial operations, which lie outside the purview of the CRA, have increased their presence.

The CRA is an example of the type of policy that can be implemented with the intent to protect the interest of low-income communities. However, since many alternative financial entities lie outside the jurisdiction of the CRA, and CRA compliance levels are not well measured, the implementation and impacts of this regulation are limited. To understand the financial options for low-income individuals it is important to understand the role state and federal regulations play in governing alternative and mainstream financial options.

The Rise of the Alternative Financial Services

During the era of banking deregulation, as many local branches in low-income communities closed, alternative market options increased in those neighborhoods.
Fringe banking options (Caskey, 1994) or alternative financial services (Hogarth & O'Donnell, 1999), such as check-cashing outlets and payday lenders, have become lucrative business options. Stegman and Faris (2003) note that, while estimates vary, one source reports that “virtually no payday loan outlets existed 10 years ago, industry analysts estimate there are now up to 14,000 of them, with total loan originations of between $8 billion and $14 billion in 2000 alone” (p. 9). Similarly, James Carr and Jenny Scheutz (2001) report that, “Six firms owned at least 50 outlets each in 1991. By 1999, one of the largest of these establishments has grown to more than 1,000 company owned stores with franchises in 30 states” (p. 13). In 2005, The Center for Responsible Lending estimates that there are 22,000 payday loan establishments nationwide (p. 2). While the authors of these articles identify that highly accurate accounts of the frequency of fringe options are difficult to obtain, these numbers certainly show the proliferation of these options as part of commercial entities over the past 15 years. While some states regulate the legality of payday lending and prohibit charging unfair and exorbitant interest on loans, this is not the case in all states. Manning (2000) points out that while some states have usury laws, many fringe establishments are able to evade these laws by charging “fees” for check cashing and product “leasing” rather than issuing loans (p. 203). Such practices circumvent the legal regulations and allow establishments to continue charging wealth-depleting fees for their services.

Product Changes

As a result of the decline in mainstream regulations, banks gained greater flexibility and now use increased marketing options to offer more financial products than they once did. Since banks and investment banks can now exist as one entity, banks can
sell securities, which are riskier products. As defined by Black's Law Dictionary (Garner, 2004), a security is “an instrument that evidences the holder's ownership rights in a firm (e.g., a stock), the holder's creditor relationship with a firm or government (e.g., a bond), or the holder's other rights (e.g., an option)” (p. 1384). A deposit is defined as “the act of giving money or other property to another who promises to preserve it or to use it and return it in kind, esp., the act of placing money in a bank for safety and convenience” (p. 471). Banks offer both of these products, and these products and agenda of a bank, as an investment opportunity, may not be readily apparent to the customer. To remain compliant with the Truth in Lending Act (TILA), the banks typically inform their customers of any changes that resulted from a recent merger by providing a long letter with excessively small print. Thus, a customer has been legally informed of changes in his or her responsibility with respect to the bank, and should now know that he or she bears an increased amount of personal responsibility with respect to some of her financial matters. He or she is expected to understand that banks, which were once a place of savings and borrowings, now offer more risk-oriented products like stocks and bonds.

This change in products offered inherently changes the dynamic between the potential banking customer and the banking clerk. The dynamic is changed in two ways, both of which influence customers' opportunities to learn about new products. When individuals do interact with bank clerks, bank clerks often act more as sales clerks and may encourage customers to engage in riskier behavior that is linked to the new products banks are able to offer (Jacob, Hudson, & Bush, 2000). Second, technological changes have resulted in less human interaction surrounding banking options. Both of these changes decrease the opportunities for banking customers to learn from the bank itself.
about the different products and services.

Importantly, “the expansion of financial products offered by banking organizations, for example, securities and insurance, requires consumers to become more aware of the distinction between these products and to recognize that they do not convey the same consumer protections and rights as traditional banking products” (Braunstein & Welch, 2002, p. 447). Figuring out how to help consumers make sense of financial products (in both the alternative and mainstream financial markets) is a critical component of developing financial education curricula.

Review of Empirical Research: Research on Alternative Financial Sector

The goal of this section is to identify the research surrounding who is engaging with particular financial products and what we know about when and why they do so. The underlying assumption by researchers who conduct analysis on how many individuals are using various products is that understanding patterns of engagement can be helpful in understanding the goals and role of financial education in changing people’s practices. I begin with an examination of the use of various mainstream and fringe financial products and follow with a review of literature that uses qualitative research to examine the lives of low-wage and welfare reliant workers.

Low-income, Low-wages, and Poverty Guidelines

Because financial education policy seeks to increase the options for low-income communities, it is important to examine what constitutes “low-income” within the context of financial education. Defining poverty is difficult. It is generally agreed that official poverty measures underestimate the cost of living. David Shipler (2004) highlights the problematic nature of naming either a specific measurement of income to

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denote poverty or naming a particular condition of despair. Neither can really accurately
be used to label and define poverty. The United States uses a poverty calculation formula
that, based on data from the Census Bureau:

sets the poverty level at approximately three times the cost of a “thrifty food basket.”
The calculation was derived from spending patterns in 1955, when the average
family used about one-third of its income for food. It is no longer valid today, when
the average family spends only about one-sixth of its budget for food, but the
government continues to multiply the cost of a “thrifty food basket” by three
adjusting for inflation only and overlooking nearly half a century of dramatically
drastically changing lifestyles. (Shipler, 2004, p. 9)

Shipler points out that this calculation is instantaneous, not continuous, and thus does not
account for either assets or debts. Individuals’ financial histories play an important role in
determining their current and future financial stability and are not accounted for in this
poverty calculation (p. 10).

Roberta Iversen and Annie Laurie Armstrong (2006) examine the multitude of
measures of poverty. Differentiating between low-wage and low-income, they state that
wages measure hourly earnings while low-income “uses hourly wage or annual income
and an official measure to assess how adequately a parent’s income meets family needs”
(p. 130). Like Shipler (2004), they note that the Federal Poverty Guideline (FPL) does
not reflect sufficiency. While 100% FPL is often the measure used for calculating public
benefits, those that study poor families and individuals often use 200% FPL as a measure
of sufficiency (p. 130).

In response to the inaccurate nature of the Census definition of poverty,
organizations and researchers have developed alternative definitions or measurements of
poverty that more accurately reflect the current spending patterns of households. One
such measurement is a self-sufficiency standard. PathwaysPA, a non-profit organization
dedicated to connecting women and their children to “social services, job training, employment assistance, and outreach and residential programs,” developed one such measurement for the counties in Pennsylvania (Pearce, 2004). Their self-sufficiency standard estimates the cost of being a self-sufficient family in Pennsylvania. They use the following definition:

The Self-Sufficiency Standard for Pennsylvania calculates the bare-minimum costs for housing, child care, food, transportation, health care, miscellaneous (clothing, shoes, household items, telephone, etc.), and federal, state and local taxes that working families in Pennsylvania face. The Child Care Tax Credit, Child Tax Credit, and Earned Income Tax Credit are also included in the calculations of the Standard. The result is a measure set at a level that is neither luxurious—or even comfortable—nor so low that it is insufficient to adequately provide for a family. This market-basket approach to document the cost of living for families takes into account family size, ages of children, geography, and the number of breadwinners, and thus more accurately reflects what it costs to support families in today’s environment. Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one’s need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family-sustaining wages. (Executive Summary, 2004)

Based on these calculations, for families in Philadelphia, in 2006, the hourly wage for a single self-sufficient adult with no children would need to be $8.48 or $17,910 a year; for an adult with two children, one in pre-school and one schoolage child, the hourly wage needed for self-sufficiency is $20.12 or $42,503 a year. Public benefits and tax credits can lower the needed hourly wage to attain self-sufficiency, but the wage needed still remains above the minimum wage. For example, with Pennsylvania childcare assistance, the needed hourly wage for the family above would drop from $20.12 to $14.07. If this family is moving from welfare-to-work and receiving the “typical ‘package’ of benefits,” their needed hourly wage is reduced to $8.61 (Pearce, 2006).
Diane Pearce (2004; 2006), like Shipler (2004) emphasizes that three times the “'thrifty food basket' is no longer a valid measure for determining poverty. "The official poverty level for a three-person family in Allegheny County [Pennsylvania] is only 42% of Self-Sufficiency (with one adult, one preschooler, and one schoolage child)” (Pearce, 2006, p. 16).6

The credit-counseling agency where I conducted my research offers financial education classes to low- and moderate-income individuals. They follow the Office of Housing and Community Development (OHCD) definition of very low, low-, and moderate-income. Very low-income is considered to be 25% of the “median area income,” low is 50% and moderate is 80%. In Philadelphia, the following incomes represent this definition7:

<table>
<thead>
<tr>
<th>Number in Household</th>
<th>Very-Low 25%</th>
<th>Low 50%</th>
<th>Moderate 80%</th>
<th>Middle-Class 120%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$12,625</td>
<td>$25,250</td>
<td>$40,400</td>
<td>$60,600</td>
</tr>
<tr>
<td>2</td>
<td>14,425</td>
<td>28,850</td>
<td>46,150</td>
<td>69,240</td>
</tr>
<tr>
<td>3</td>
<td>16,225</td>
<td>32,450</td>
<td>51,950</td>
<td>77,880</td>
</tr>
<tr>
<td>4</td>
<td>18,025</td>
<td>36,050</td>
<td>57,700</td>
<td>86,520</td>
</tr>
<tr>
<td>5</td>
<td>19,475</td>
<td>38,950</td>
<td>62,300</td>
<td>93,480</td>
</tr>
<tr>
<td>6</td>
<td>20,900</td>
<td>41,800</td>
<td>66,950</td>
<td>100,320</td>
</tr>
<tr>
<td>7</td>
<td>22,350</td>
<td>44,700</td>
<td>71,550</td>
<td>107,280</td>
</tr>
<tr>
<td>8</td>
<td>23,800</td>
<td>47,600</td>
<td>76,150</td>
<td>114,240</td>
</tr>
</tbody>
</table>

Thus for a one person household, if the individual’s income is between $0 - $12,625, the household is considered very-low income, if the individual’s income is between $12,626 - $25,250 that household is considered low-income, and so on. The welfare-to-work

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6 This is for Allegheny County, which is separate from Philadelphia, for Philadelphia the percentage would be slightly lower. For a discussion of frequently asked questions about poverty guidelines see http://aspe.hhs.gov/poverty/faq.shtml#chart.

7 This table is adapted from the 2006 OHCD guidelines, (see http://www.phila.gov/OHCD/incguide.htm), retrieved January 14, 2007.
setting follows the Pennsylvania guidelines for Temporary Assistance to Needy Families (TANF) the details of which are discussed in detail in Chapter V. Since definitions of low-income vary, I have attempted to make clear the definition used by the authors; if no definition is provided I note that as well.

The Banked, the Underbanked and the Unbanked

Most of the literature that raises concern about the state of low-income individuals’ financial options begins by examining existing banking relationships. Banking is identified as an area of concern because it is identified as an important stage in the development of savings and thus it is central to the ability to build assets. There is a growing body of research on individuals classified as “the unbanked.” This research investigates reasons why particular individuals are not engaged with banks. The assumption is that by identifying why people are not engaged with banks, targeted efforts can be made to attract some portion of that population to banking and asset-building. Interest in identifying this population and working to bring their financial relationship into the mainstream comes from policy makers, community organizations and banks (Hogarth et al., 2003).

It is generally agreed that, “those without banking relationships are likely to be less educated, low-income, non-white, younger, unemployed, and renting rather than owning their residence. In addition, the unbanked are more likely to report living from paycheck-to-paycheck with little or no money left for savings...there is less agreement as to why so many households are unbanked” (Berry, 2004, p. 1, see also Caskey (2002) and Hogarth et al. (2003)).

According to Jeanne Hogarth and Kevin O’Donnell (1999), who analyzed the
1995 Survey of Consumer Finances (SCF), about 13% of low-income families were unbanked. That is, they had no accounts or regular contact with financial institutions. The SCF asked respondents why they had no checking accounts (these data offer only information on those without checking-accounts, which does not completely represent the unbanked). Hogarth and O’Donnell report the following:

About one-fourth said the main reason was that they “don’t write enough checks,” another one-fourth said the main reason was “don’t have enough money,” and one-fifth said that the main reason was “do not like dealing with banks.” The remaining responses were spread over a miscellany of reasons involving costs and practical factors. Only a few respondents identified lack of access to branches or inconvenient hours as problems. (p. 462)

Jeanne Hogarth, Chris Anguelov and Jinhook Lee (2003) extended their work with increased SCF data and examined those without checking accounts. They found that many individuals responded that they “don’t like dealing with banks,” which they suggest is a valid area for further study. The authors point out the limitations of their survey, noting that:

due to data constraints, this study focused on households without checking accounts, not the unbanked per se. We were also limited by the reasons included in the data set; in an open-ended survey, respondents might give other reasons that could be quite different from those reflected in this study. (p. 90)

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8 The focus of the SCF is “the estimation of the debt obligations and asset holdings of a nationally representative sample of American families, and their use of financial institutions. A complete, detailed inventory of household assets and debts including businesses, pensions, properties, and financial transactions was collected along with demographic data and a comprehensive work history for primary family members” (see, http://www.pop.psu.edu/data-archive/daman/scf.htm, last accessed on March 14, 2005, for more detail).
9 Hogarth and O’Donnell (1999) use the Survey of Consumer Finances (SFC) definition of “low to moderate income (80 percent of median income)” (p.460). They use lower income and low to moderate income interchangeably.
10 Lower income families are defined as those families with incomes below 80% of the median income. In 1995 there were 45 million families classified as such (Hogarth & O’Donnell, 1999).
While researchers could speculate about why individuals responded this way, an opportunity to hear from individuals without checking accounts, or any banking relationship for that matter, would be valuable to policy makers, community organizations and banks.

In addition to the responses given in the Hogarth, Anguelov and Lee and Hogarth (2003) and O'Donnell (1999) studies, other reasons given for not having banking relationships include language barriers, desire to have finances untracked, lack of convenient branches and bad credit ratings. In response to the lack of clarity on why some low-income individuals choose not to engage with mainstream banks, Christopher Berry (2004) surveyed individuals in an attempt to “sort through the competing explanations and identify the relative importance of each” (p. 2). In terms of demographic characteristics, Berry (2004) found that “nearly 70 percent of the unbanked earn less than $15,000, and only about 3 percent have a college degree. Whereas about 40 percent of banked households were white, only about 7 percent of unbanked households were white” (p. 3). Further, he found income, education and race to be statistically the strongest predictors of having any banking relationship. Berry (2004) also asked open-ended questions (on the telephone or in-person) to expand upon the results found in the SCF survey about why people did not have checking and savings accounts. The most prevalent answer in both cases was that they “did not have enough money.” Berry points out that this makes perfect sense with respect to a savings account, but less so with a checking account since most families have bills and needs that can be directly tied to the use of checks. Berry explored this question further and identified what he labels network
externalities, or the factors that limit the usability of checks. For example, personal checks are a less acceptable form of payment in low- and moderate-income neighborhoods. Many landlords will not accept them and often those who have checking accounts still rely on money orders for some monthly payments. His work helps to break down the common assumption that all individuals who have bank accounts, regardless of their incomes, use them similarly.

Researchers who focus on asset building opportunities and market researchers have become increasingly interested in a population they refer to as the underbanked, defined by Barr (2004) as: “a broader population of low- to middle-income families [who] have bank accounts but still rely on high-cost non-bank providers to conduct much of their financial business” (p. 1). This population is considered of interest to financial educators because they suspect they could be using their banking relationships to build their assets and savings. As was cited earlier, the unbanked and underbanked constitute a significant resource for potential profits, $10.9 billion annually according to Jacob (2006). Market researchers see the population as a profitable group that is already spending money on financial products in the alternative financial sector and thus as potential profits for the mainstream institutions if they offered the right products.

The unbanked and the underbanked represent a population that operates partially, if not entirely, outside the mainstream financial sector. There are a range of explanations as to why, but in some, for one reason or another, banks do not meet their needs entirely. A major concern surrounding the lack of a banking relationship is the link between credit

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11 “Low- and moderate-income (LMI) tracks were defined as those having less than 80% of the median household income of the metropolitan area” (Berry, 2004, p.2).
history and financial options, which plays a critical role in the ability to become an asset builder or an owner.

The ability to borrow is considered central to asset building and ownership. Alternative Federal Credit Union developed a model for the path to become an asset owner. They initially hypothesized that the individuals progress through the following four stages in order: Transactor, Saver, Borrower, and Owner. Their research, however, suggests that movement towards becoming an owner follows a less linear path. They attribute this change in part to changes in the financial services industry that has made borrowing, not necessarily at prime rates, easier (Myers, Silverman, Mahon, Northrup, & Moy, 2006).

John Caskey (1994) pointed to an increase in fringe banking options in the 1980s, and Carr and Scheutz (2001) offer evidence that this trend has continued into the new millennium. They note that the trend is problematic with respect to building savings and assets and that those users of fringe banking services that do not have bank accounts have less incentive to save. Additionally, they point out that a “heavy concentration of fringe lenders in minority communities means that those areas are disproportionately burdened with second-class financial service options” (p. 7).

Credit Cards and Debt

Credit plays an important function within American society, particularly with respect to one’s ability to accrue assets and build wealth. Regularly using credit cards and paying bills on time (e.g., credit cards, utility and rent) builds good credit. Having good credit allows individuals to make investments in items they could not otherwise afford with their current flow of income. Investments in both human and physical capital, serve
as assets that, in turn, allow individuals increased opportunities to build more assets. For example, car ownership and higher education are often integral to increasing one’s options for employment; typically, good credit is required to make such investments. However, engaging in asset building is more complicated if one has limited income. As Jeanne Engel (2003) describes:

To qualify for credit on prime terms, borrowers must show a record of timely payments, have no or few overdrafts of checking accounts, and have steady income sufficient to service the loan. People with low-incomes often have more difficulty remaining current with credit than others. Typically, they do not have enough saved to bridge unforeseen reductions in incomes or cover unexpected spikes in necessary expenditures. (p. 3)

There are two potential markets for borrowers: prime and subprime. These markets vary based on the lender’s perceived risk of lending to a certain individual. Those with good credit history and a high likelihood of loan repayment borrow in the prime market. Subprime lenders take into consideration the borrower’s poor credit rating and thus lend at a higher interest rate. Within the subprime market, there are limited rules for underwriting loans, thus variation in pricing is common. Predatory lending is a type of subprime lending. James Carr and Lopa Kolluri (2001) define predatory lending as having the following three features:

- targeted marketing to households on the basis of their race, ethnicity, age or gender or other personal characteristics unrelated to creditworthiness;
- unreasonable and unjustifiable loan terms; and outright fraudulent behavior that maximizes the destructive financial impact on consumers of inappropriate marketing strategies and loan provisions. (p. 32)

For many low-income individuals, it is difficult to build a good credit score, and if individuals do not have bad credit, they often have no credit. Tapping into resources that require credit is critical to asset building. As Engel notes, “credit is the lifeblood of asset
building and is essential to creating economic opportunities for low-income individuals” (p. 3). However, options for low-income individuals to build good credit are limited. In many cases, it is a problematic cycle. For example, relationships with banks can help to build credit; thus access to such accounts is important. However, as discussed earlier, in the current era of banking deregulation, access to banking relationships for low-income individuals is quite limited.

So how do people develop bad credit? With many customers in search of credit, the market has responded and companies have made accessing credit cards easier. Credit card companies are designed to make profits and are able to do so when people borrow more money than they can pay back within the given time period.12 In fact, marketers have started targeting younger and lower income individuals (Manning, 2000). Jinhook Lee and Jeanne Hogarth (2001) examined the research strategies and decision-making patterns of consumers who were shopping for credit cards. They note that an element of the market that has changed is the increased solicitation for new credit cards. “Credit card issuers mailed 2.87 billion solicitations in 1999 (BAI Mail Monitor, 2000)” (p. 330). Credit cards are often accompanied by little information (or only fine print) about how to manage a credit card account, which can contribute to making the process of building good credit much tougher. Multiple research studies point to simultaneous increase in credit card use and debt (even bankruptcy in some cases), particularly in the low-income market. As Stacie Carney and William Gale (2001) report:

Edward Bird, Paul Hagestrom, and Robert Wield (1997) find that between 1983 and 1995, the share of poor households that had credit card debts rose from 18

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12 They also make money from merchants who pay the companies to allow consumers to make purchases in their stores.
percent to 39 percent, and average credit card debt among cardholders almost
doubled in real (1995 dollar) terms, from seven hundred dollars in 1983 to about
thirteen hundred dollars in 1995. As a result the portion of poor families with
credit card balances exceeding one year’s worth of income rose from 6 percent in
1983 to 17 percent in 1995. (pp. 166-167)

Former Treasury Secretary John Snow (2004) concurs, highlighting the quickest growing
group of bankruptcy filers as individuals under 25. The numbers from these two studies
are particularly disturbing in light of the fact that “credit history plays a big part in
determining whether individuals will be eligible for auto loans, home mortgages or
student loans” (Federal Reserve Bank of Chicago, 2000, p.2), which all can be central to
the ability to obtain and maintain a job.

With poor credit and limited banking options, individuals turn to an alternative
financial sector. These services are more costly per exchange than banks and charge
higher interest rates. When examining the costs associated with fringe banking, the
differences between fringe products and traditional market costs can be staggering.
Understanding the costs per exchange of these markets is useful and, as some researchers
have begun to explore, can be complimented by examinations of individuals’ entry and
exit into this market. The research in this dissertation also suggests that the data can be
further complimented by understanding the rationale for choosing to operate in the fringe
market sector. This data suggests that alternative financial market participation is not
exclusively limited to those who are excluded from the mainstream financial market.

Check Cashing Outlets and Pawnshops

The alternative financial sector is comprised of a number of services that cater to
low-income individuals based on their ability to provide money quickly and
conveniently. The services come in the form of cashed checks, short-term loans or the
purchase of items for cash (pawnshops). This market size for fringe services has been increasing (check cashing as well as other fringe services) for the past 15 years (Carr & Scheutz, 2001; Caskey, 1994; Manning, 2000). Manning (2000) predicted that the market revenues would be close to $2 billion in the year 2000. Carr and Scheutz (2001) report that between 1995 and 2000 the number of check-cashing agencies doubled. A 2006 study revealed that there are “13,000 check-cashing outlets in the U.S., cashing more than $80 billion worth of checks annually” Revenues from this industry are estimated to be over $1.6 billion (Gottlieb, 2006, p. 2).

Check Cashing Outlets (CCOs) cash checks, often government issued and payroll checks, for a fee, 1.0 to 5% of the amount of the check (Fox & Woodall, 2006). Personal checks can incur a fee as high as 20% of the amount of the check (Carr and Scheutz (2001)). Estimates of the annual cost of this service vary, but Berry (2004) estimates that “a household earning $12,000 per year would expect to pay $15 a month, or $180 per year to use a CCO” (p. 6). Carr and Scheutz (2001) cite the Federal Reserve Bank estimates stating:

Fringe services for cash conversions and bill paying would cost an average $20,000-income household between $86 and $500 per year, while the same services at a bank would cost only $30 to $60 (assuming that low-cost banking services are available and the prospective customer is not disqualified for an account by lack of credit). (p. 10)

These numbers support Caskey’s (1994) findings that financial services are more costly for low-incomes individuals than for other members of society. Caskey asserts that those who engage with fringe banking services do so out of “necessity” and also “because they believe that the services these institutions provide are worth the fee” (p. 9). In addition, Caskey notes that, “insufficient resources are devoted to regulating and monitoring fringe
banking markets” (p. 9).

An often cited study of “fringe banking” services, which included pawnshops and check cashing outlets (CCOs), was conducted by Caskey (1994). In an effort to discern characteristics of CCO and pawnshop users Caskey interviewed owners of the establishments. The owners of pawnshops reported that users come from two groups, but primarily the first group. The first group is made up of those who have credit problems and have a hard time getting loans in the mainstream financial market. The second group is made up of those who “use pawnshops for their discretion and convenience – cash loans are disbursed in a matter of minutes with very few questions asked” (p. 70).

Caskey also interviewed CCO owners and managers who reported the following characteristics of their customers:

The average CCO customer is probably somewhat more affluent than the average pawnshop customer, since CCOs have a larger share of discretionary customers who use CCOs for their speed and convenience. CCO operators suspect that many of their customers generally have below average education levels and are more likely to be young and nonwhite than the public at large. They also describe their customers as mainly living from paycheck to paycheck, although they commonly emphasize that a significant share of their customers have bank accounts. On the other hand, those without bank accounts tend to be the most regular customers of check-cashing outlets. (p. 73)

Other researchers compliment this picture with further description of the users of CCOs and pawnshops. Sandra Braunstein and Carolyn Welsh (2002) note that, “Language, educational, and cultural barriers can discourage some populations from establishing a banking relationship to acquire financial services. Instead they may use alternative providers to conduct basic transactions such as cashing checks, obtaining loans, or wiring funds...they generally charge higher per-transaction fees” (p. 447). Berry (2004), drawing upon his open-ended survey results, notes that the assumption that just because
one does not have a bank account they cash their checks at CCOs may not be valid. Berry cites the work of Constance Dunham (2001) who found that unbanked individuals could find cheaper check-cashing options than a CCO. For example, “cashing checks at a supermarket that does not charge a fee to customers buying other goods, or cashing checks at the issuing bank for no cost” (p. 6).

The CCO industry is a growing market. The exact reasons surrounding use of this service are not clear. There is evidence that those that are unbanked, underbanked and banked all use check-cashing services. On the other hand, being in any of those groups does not necessitate using check-cashing services. The users are varied, the market is growing and concern regarding the cost of those services is apparent. Importantly, this body of research suggests that the assumptions that the needs of low- and moderate-income individuals around checks and check-cashing mirror the needs of those with more money may not be valid. Individuals with larger incomes tend to rely solely on their checking account, while those with less income sometimes use a combination of banks and check cashers. Discussions with the participants in this dissertation add to the conversation about the reasons for mixed use of check cashers and banks.

**Payday Lenders**

A payday loan is an agreement in which the borrower writes a check to the lender. The amount of the check includes the loan amount and a fee. The borrower gets the loan amount immediately and the lender gets the loan amount plus the fee (typically $10 - $20 per $100) when the check is cashed at a later date (typically on the borrower’s payday). To access a payday loan, an individual must have a checking account, proof of employment and identification. This is an attractive option for those who have poor credit.
and cannot access prime loans. Some states regulate the fees that payday lenders can charge. In 2001, Carr and Scheutz reported that 19 states had some regulation of this practice. Like CCOs, this industry has increased in size and value over the past 15 years; Stegman and Faris (2003) label it as a "multimillion dollar industry" (p. 108). At the federal level, there is no legislation to monitor or regulate these practices.

The costs of these loans when considered in terms of annual percentage rates are estimated to be between 390% and 780% (Carr & Scheutz, 2001). Jean Ann Fox (2004) notes that a Coalition for Responsible Lending study found that "91% of all payday loans are made to borrowers with five or more payday loans per year and nearly one in three customers receive twelve or more loans per year" (p. 3). A concern surrounding payday loans is that they become a chronic costly habit. Stegman and Faris (2003) conclude that "the business practices pursued by many payday loan companies can have the same wealth-depleting effect on financially fragile families as other abusive consumer credit practices" (p. 25). Katy Jacob, Sharyl Hudson and Malcom Bush (2000) frame the problem in a similar fashion, noting that payday lending fees can "quickly run a moderate-income family into serious debt" (p. 10).

This alternative financial sector reflects a range of financial engagements that are all more expensive per transaction than similar services in the mainstream sector. However, the services in this market segment vary in their interest rates and thus the rate at which they tax the user. Predatory lending and payday loans are the most problematic with their high interest rates, targeted marketing and the tendency for continued use. Check cashing fees can add up and can certainly be wealth depleting, but the research on the use of CCOs paints an interesting picture with respect to the users and their rationale.
This dissertation focuses primarily on the unbanked and underbanked and the participants in this study suggest that in some instances, using check cashers to cash their checks and paying bills with money orders allows them to organize and manage their money effectively. In some instances, participants would prefer not to write checks. Predatory lending and payday loans are reviewed in this section to help paint a picture of the alternative financial market and areas for potential education efforts, but in this dissertation, there is little data from the participants that speaks to these issues.

Philadelphia

A report by the Brookings Institution (Fellowes & Katz, 2005) focused on the high cost of being poor in Philadelphia. They define low-income as “households that earn less than $30,000 [annually]” and high-income as households “that earn more than $70,000 [annually].” They found that “Philadelphia’s low-income families pay higher prices for most everyday goods and services than other households [in Philadelphia]” (p. 5). The services they pay more for include: car purchases, loans and insurance, groceries, cashing checks, short-term loans, utilities, gas prices (for heating), home loans, home appliances and furniture, and real estate taxes (p. 5). The price of financial services is also higher for low-income families than it is for other families in Philadelphia (and probably most other metropolitan areas). Matthew Fellowes and Bruce Katz suggest several courses of action to address these issues, one of which is financial education efforts. They claim that low-income households lack all the information they need to make more affordable choices for everyday products, which “makes them more susceptible to bad deals” (p. 51). While the report notes that some actions have been taken by the city to improve information transfer, like housing counseling and setting up websites about the
competition in the utility market, they suggest a focus on understanding and improving one’s credit is critical to changing this market dynamic. They also recommend a “rethinking” of the financial education efforts for low-income individuals to encompass more than just budgeting. While they do not explicitly state this, I suggest it would be useful to include the perspective of low-income individuals as financial education efforts are evaluated and redesigned.

Financial Education: What’s it for and who needs it?

Financial Education is not a new idea. It has been renamed, but its predecessor, consumer education, has been around for some time. Regardless of the name, the target audience has always been, at least in part, the poor. The goal of consumer education has consistently been to help consumers learn how to become informed and in turn make decisions that are financially wise. As Paul Bloom and Mark Silver defined it in a 1976 Harvard Business Review article,

The consumer education movement aims to teach people how to seek out, use and evaluate consumer information so that they can improve their ability to purchase or consume the products and services they deem most likely to enhance their well-being. It seeks to teach consumers how to interact in the marketplace in a way that allows them to make the best consumption choices for themselves, given their values and lifestyles. (p. 33)

In the mid-1970s, there was a renewed push for consumer education; efforts in the 1960s had focused on consumer rights and transparency of information. The efforts around information transparency were successful in changing legislation, but consumer use of the information did not follow directly from access to that information. In the 1960s laws were passed that promoted clarity in pricing. Examples include the Fair Packaging and
Labeling Act\textsuperscript{13} and The Truth In Lending Act.\textsuperscript{14} These laws were “designed to bring more information to the consumer” in the hopes of allowing him or her to make an informed decision. However, research on the effectiveness of such legislation “found that the additional information is often ignored or misunderstood, especially by those who were expected to benefit from its use, such as the poor and disadvantaged” (p. 33).

A range of public and private entities and businesses, including schools, federal and federally funded groups have provided these services. Different from today, the providers in the 1970s did not include banks. Efforts in the 1970s were clearly targeted at decision-making skills and hoped to improve consumers’ abilities to make smart choices that would save them money. The focus was primarily on products like food and clothing with much less emphasis on banking products. This is likely the case because the financial market has changed significantly since then and the choices within and outside of banks have expanded tremendously.

The literature on current financial education efforts is primarily comprised of evaluations, meta-analyses and theoretical pieces. Today’s scholars generally agree that the target audience for financial education is low-income individuals. Among the major areas of concern cited in the 2006 FLEC report is the “decline in personal savings” in the United States. In the past thirty-five years, the savings rate has dropped from 9.4 percent of disposable income to 1.3 percent (p. 1). In this literature the purpose of financial

\textsuperscript{13} The Fair Packaging and Labeling Act “requires that each [consumer commodity] package bear a label specifying the name of the product, the name and place of business of the manufacturer or distributor, the net quantity of contents, and an estimate of the number of servings or applications contained in the package” (Krohn, 1995, p. 145).

\textsuperscript{14} The Truth in Lending Act was designed “to curb abuses by unscrupulous lenders and to make credit transaction more comprehensible to ordinary consumers” (Krohn, 1995, p. 306).
education and the risks of financial illiteracy are often discussed in tandem. Of concern, as addressed above, is the high cost of financial options for those in poor neighborhoods or those who do not access mainstream financial services. Another major theme in the literature on low-income financial practices is the quality of decision-making skills. It is generally suggested that the content offered in financial education courses will help individuals make more informed and thus more financially advantageous decisions.

In "Taking Ownership of the Future: National Strategy for Financial Literacy," the purpose of financial literacy is framed as to "empower consumers to be better shoppers" (p. v), to help deal with a "market place that is constantly changing" and to "understand and select the products and services that best suit their needs" (p. vii). Some authors are more explicit in describing those in need of financial education as lacking knowledge. Min Zhan, Steven Anderson and Jeff Scott (2006) suggest that the "limited access many low-income people have to financial and community institutions may, in turn, exacerbate their knowledge deficiencies" (p. 55). Jacob, Hudson and Bush (2000) express concern that lack of financial literacy can result in individuals making financial choices that are "harmful to both individuals and communities" (p. 7). Similarly, Jacob et al. warn that those who are financially illiterate are "likely to pay more than they have to for financial services, fall into debt, damage their credit records, and over-invest in some financial products while under-investing in others" (2000, p. 7). Thomas Lucey and Duane Giannangelo address the reality that marketing efforts can be hard too resist, they promote financial education in order to "make sound choices and for thwarting deceptive financial practitioners" (2006, p. 270). However, other statements they make suggest they fall into the camp that frames those in need of financial education as at risk of using poor
decision-making skills. They explain: “to address sound financial practices and media decoding skills to counter impulsive financial practices and judgments” (Lucey & Giannangelo, 2006, p. 275). These descriptions of the purpose of financial education suggest that those in need of financial education, primarily described as low-income individuals, are seen as making ill-informed and expensive financial decisions that could be avoided if they knew more. In describing the problem in this way, low-income individuals are characterized as lacking the knowledge necessary to make good decisions, because their access to such knowledge is limited. Financial education then can serve as a means of connecting individuals to the knowledge and skills necessary to make more informed decisions that will better them in the long run (i.e. increase their savings for the future).

To be clear, this is not the only perspective on financial education. It is, however, the perspective taken by the U.S. government and for that reason I think it deserves significant attention. This perspective on financial education raises two immediate concerns. The first concern is that it frames low-income individuals as making uninformed decisions due to lack of knowledge. Low-income consumers are seen as choosing the more costly options when others are available to them. The research in the following sections combined with the research undertaken for this study calls into question this perspective by shedding light on the knowledge that informs the practices of low-income and underbanked consumers. Second, while there is some discussion that financial options in low-income neighborhoods are limited, there is little discussion about how this has happened and what could be undertaken to combat this. In the National Strategy for Financial Literacy, there is no mention of government regulation for wealth-
depleting practices or alternative financial products. Nowhere in the report is it mentioned that in fact, some mainstream financial companies are partnering to manage check-cashing operations in places like 7-Eleven and other sites (Fox & Woodall, 2006) because this market is so lucrative. In the conclusion of this study, using the data collected to represent the perspective of low-income individuals, I will examine current balance between regulations and education.

The Voice of Individuals

In the first half of the literature review I have provided a look at the context in which financial education is offered in terms of the changing financial market place. In this section I look to research that attempts to forefront the perspective of low-income individuals as their lives are shaped by and interact with their limited financial resources. Much of this research highlights the difficulties of being poor, beyond the problems of interacting with financial products and services. I will consider how this research, in combination with the realities of the financial market place (both mainstream and alternative) can be used to inform research on financial education curricula.

Qualitative Research on the Lives of Low-Income Families

There is a growing body of research that attempts to understand why and when individuals get banking accounts, use check cashing agencies, pawnshops, and get payday loans. The research on individuals and their actions within the alternative financial sector has primarily relied on surveys with multiple-choice responses. Several studies have used interviews and found that the open-ended nature of this type of research has provided rich data that offers insight into decisions surrounding financial practices.

Giving voice to the consumer in this financial market is useful in assessing which
policy moves would be best suited for this market. It seems clear from the work of Berry (2004) that speaking directly with members of the low-income population versus speaking with those that serve them can offer a clearer picture of the financial practices. Such information is critical to informing policy makers and community organizations that are interested in serving this population.

The qualitative work of Kathryn Edin and Laura Lein (1997) offers an important model for understanding more about the day-to-day realities of welfare mothers. With respect to financial education efforts, Edin and Lein’s work sheds light on existing practices, which are important to include as a consideration when designing financial education curricula. For example, they found that

Critics of welfare programs often suspect that low-income families cause their material poverty through poor money management (Helco, 1994). By comparing the expenses that our mothers reported, however, with those of the poorest income groups in the Consumer Expenditure Survey (CES), we show that our welfare-reliant mothers spent substantially less than most American households in the early 1990s. (p. 45)

Their work also highlights the important role that personal networks play in supporting families. They suggest that 17% of the mother’s income came from family, friends or boyfriends and generally was not reported to authorities. Such loans or gifts are important to the survival of these mothers and their families, but this money is not part of the mainstream or the alternative financial sector.

Edin (2001) also conducted a study in which she asked low-income mothers and non-custodial fathers to keep budgets and interviewed them multiple times to learn about how they thought about money and assets. Edin’s “main goal was to understand their economic situations in depth, including their patterns of income and expenditure, over the
course of a year” (p. 208). Her findings highlighted the importance of informal assets that could be used to make additional money, particularly when times were hard. Examples of such informal assets include materials for painting and equipment for window washing. These assets are not typically considered important capital investments, but clearly served a critical role for some families in her study because they enabled them to earn additional income at important times. Individuals’ options for where to turn when they need money quickly are important for financial educators to understand, since curricula often make assumptions about the financial practices of students and their income sources and such assumptions may not reflect a realistic picture of an individual’s resources.

In Nickel and Dimed, Barbara Ehrenreich (2001) engaged in “old-fashioned journalism” (p. 1) in an effort to learn how women get by on $6 - $7 per hour as they move off welfare and into the labor market. By not relying on her college education for employment, taking the highest paid job she could get, living in the cheapest possible place she could rent, and so on she examined what it would be like to live at that income. She spent roughly one month in various settings around the country to better understand what it took to get by in those areas. Her experience, while not truly authentic, in that she could retreat from it by choice and fall back on comfortable resources when necessary (although she rarely did), brought to light a number of difficulties of low-wage life that are not readily available through surveys and interviews. She held six jobs, including a maid, a nursing home attendant, and a job at Wal-Mart. Her findings highlight the lack of options available to low-wage workers. For example, money management curricula often tout the importance of saving money by not eating out and preparing food in larger quantities, but in several of her low-rent accommodations, Ehrenreich had no stove and
thus no way to prepare much food. So cooking dinner and storing leftovers was not an option. She also emphasized the physical demands of the jobs she held, noting that as a woman who was “in shape” and had been “nutritious” up until this study, she was shocked at the demands that this work and lifestyle placed on her body. In response to those who wonder why individuals do not search for jobs that offer better wages or more comfortable working conditions, Ehrenreich offered the following explanations: “At each new job, you have to start all over, clueless and friendless,” as well as the more practical reasons, namely that often when you switch jobs employers hold the first weeks’ wages and medical benefits take some time to begin. Sometimes giving up those resources would be too much of a sacrifice.

The model of the rational individual willing to take advantage of the long-term benefits and see “the big picture” does not apply well to this situation. Immediate needs are pressing and the ability to forgo something now so that later your situation will be better is not always an option. As Ehrenreich points out, “if low-wage workers do not always behave in an economically rational way, that is, as free agents within a capitalist democracy, it is because they dwell in a place that is neither free nor in any way democratic” (p. 210). Like Edin and Lein’s (1997) and Berry’s (2004) work Ehrenreich helps to bring to light important realities of low-wage life. Close studies of the everyday realities of the lives of hard-working, low-wage workers reveal the complex nature of decisions making and consequences. As Roberta Iversen and Annie Laurie Armstrong (2006) suggest, the rational choice model should be put aside in favor of a new mobility model. They assert that decision-making is “bounded” by a set of factors that are often immediate and include “family members and social capital resources;” such
considerations do not align with traditional rational decision making. Unfortunately, many support programs have an underlying belief that the road to self-sufficiency is paved with rational choices. As they explain:

bounded rationality, or cognitive processes that are subjective and contextual, and satisficing, or concentrating on a few salient problem areas, are more descriptive of choice making and decision making than are classical rational choice notions of ordered preferences, balancing gains and risks, and maximizing utility. (italics added, p. 19-20)

In his book The Working Poor, David K. Shipler (2004) examines the lives of several poor individuals, who he describes as existing outside the effects of the economic booms of this country. He studied these individuals and their lives to attempt to understand how they came to be in their current financial state. He notes:

Breaking away and moving a comfortable distance from poverty seems to require a perfect line up of favorable conditions. A set of skills, a good starting wage, a job with the likelihood of promotion are prerequisites. But so are clarity of purpose, courageous self-esteem, a lack of substantial debt, the freedom from illness or addiction, a functional family, a network of upstanding friends and the right help from private or governmental agencies. Any gap in that array is an entry point for trouble because being poor means being unprotected. (p. 4)

Shipler’s solutions to this problem extend far beyond financial education, advocating for political and social change through participation in the democratic system en masse by low-income individuals. Implicit in Shipler’s assumption is that for middle-class families, the conditions listed above are not a necessity for staying out of poverty, since they can use their incomes to cushion themselves from the shock of or problems related to any of the items on the array listed above. Shipler also points to some of the ways poor individuals get taken advantage of by check-cashing agencies, tax preparers, credit card companies and payday lenders. Tax preparers, Shipler contends, “do for a hefty fee what their clients could do for themselves for free with the math skills and the

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courage to tackle a 1040, or with a computer and bank account to speed up filing and receipt” (p. 15). Thus, Shipler’s work, while clearly stating that the worries of the poor extend beyond both their math skills and their financial understandings, highlights mathematical and financial understanding as an important skills and a piece of the solution.

Iversen (2002) examined the effects of the Jobs Initiative Program (JI) on low-income\textsuperscript{15} workers and their families and in particular their children in several cities. “The Jobs Initiative is guided by the principle that skill training, increased language competency, institutional and organizational collaboration, and post-employment services together can provide real opportunity for poor urban residents” (p. 4). Using an ethnographic approach, Iversen strives to understand the impacts on individuals and their families of training and employment. Her focus is on the intended and unintended impacts of employment. She found that the time and energy involved in securing a job that can support a family often comes at the expense of time and energy for the other members of one’s family. Some workplaces are considered “family-friendly,” since they offer either flexible schedules or needed leniency in enforcing policies, while other workplaces with stringently enforced protocols mean that attending to family situations may cost an individual his or her job. This research emphasizes that “family is always ‘front and center’ in the [job] decision process. Although income was also a major reason parents stayed at or left their jobs, income was never considered independent of family needs – particularly children’s immediate needs for parents’ time and attention. Both

\textsuperscript{15} Iversen uses the following definition of low-income: “workers are generally considered ‘low income’ when their income is below 200\% of the federal poverty level (Greenberg, 2001)” (p. 4).
male and female parents made decisions this way; neither their sentiments nor actions were gendered” (p. 27). In addition, many individuals would need further education to move up in their job placements, but the opportunity cost of increased education was far too high. Enrolling in education programs outside of the workplace would require added time away from one’s family and increased debt, prices that were economically and emotionally too high. This research supports Iversen’s and Armstrong’s (2006) notion of bounded rationality in which the current context, which is complex, is critical to individuals’ decision making and can result in what seem to an outsider to be sub-optimal choices.

By bringing to the forefront the importance of what appear to be small factors and making more complex what would appear to be obvious decisions, this body of work supports the importance of considering the voice of low-income working individuals in research on financial decisions. Assumptions about the economic analysis of employment decisions and long-term versus immediate investments are far more complex than wages, salary and rational choice. As employment decisions are so central to money flow and thus money management, understanding individuals’ realities around their work and earnings potential is important to financial educators. This dissertation uses qualitative methods to learn from unbanked and underbanked individuals about the financial services with which they engage and the choices they’ve made regarding those practices. This body of research suggests that taking a closer look at the practices and including the voice of the consumer will shed light on why particular decisions make sense for that individual given his or her circumstances.
A group of lawyers and educators in New York City is involved in financial education efforts for individuals filing for bankruptcy. This program focuses not only on the practical skills, which are part of financial education, but also on the psychological aspects of learning about, and changing one's financial practices. The work of Karen Gross, Susan Block-Lieb, and Richard Wiener (2002) involves voluntary financial education classes for bankruptcy filers in New York as part of the Coalition for Consumer Bankruptcy Debtor Education. They offer an analysis of their program and situate their work in the context of current bankruptcy legislation that calls for mandatory financial counseling for individuals who file for bankruptcy. Their work assumes "stated most simply, [that] we live and deal with money daily, but may not understand and communicate effectively about it" (p. 507). Recognizing that not all bankruptcy filers fit the same profile, they assume that most filers would be well served by learning more about the nature of credit, loans and debt. Labeling bankruptcy filing a "teachable moment," they note:

even if reasons for debtors' filings are vastly different each from the other and involve a complex intersection of endogenous and exogenous factors, debtors can all benefit from information on how to get back on the road to, or maintain and nurture, financial solvency. (p. 508)

The program is labeled an empowerment program and is designed to give participants the tools to negotiate the bankruptcy system, to improve their understanding of credit and to engage in budgeting. Since debt, often from high credit balances or outstanding medical bills, is the primary reason that people file for bankruptcy, this education program

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16 Financial Education classes are now mandated for all bankruptcy filers by the Bankruptcy Abuse and Prevention and Consumer Protection Act of 2005.
stresses understanding credit agreements and the vocabulary surrounding financial matters. The Coalition has developed a curriculum that “addresses the substance and psychology of borrowing” (p. 517). Gross recognizes that an education program or a curriculum in some ways necessarily makes claims about what is important for individuals to know. Gross suggests that “all educational offerings are to some extent value-driven, but we are still better off providing some education than providing no education (there by eliminating the risk of value inculcation)” (p. 350).

This literature review has served to paint a picture of a profitable and complex alternative financial sector. There is some information about who is using those products. Questions remain, however, about why those individuals choose those products and how they make their financial decisions. Qualitative research has shown that a lot can be learned by listening to, observing and understanding the visible and not as visible realities that influence the decisions of the low-wage families. As financial education efforts are becoming more prevalent, we must scrutinize the content of these efforts in light of what we learn about the financial decision-making processes of individuals in these classes. Drawing on the research in this chapter, I suggest that qualitative research that examines both the curriculum as it is implemented and the students in these classrooms will serve to inform financial education efforts and curricular development.
Chapter III: Research Context and Research Methods

The historical framework and literature review painted a picture of a continually changing financial market sector that is theorized to operate as a bifurcated system for those with high and low incomes. The changes in the market are not simply in one area—products have changed, individuals’ interactions with the banks have changed, and access financial products in and out of banks has changed. At the same time, new financial options have become more prevalent in low-income communities and appear to be altering the ways that low-income individuals interact with money and make financial decisions. In many cases, it is feared that the newly prevalent options, such as payday loans and money orders, border on predatory practices and information about and regulation of these options is limited at best.

In this chapter, I begin by using a model that summarizes the changes in the financial market over the past few decades. I situate my research interests within this model and offer it as a frame for understanding the data I collected and the methodology behind this research. I then describe the two settings where I conducted my research. I follow that with an explanation of my data collection and analysis procedures. The results of this analysis can be found in the chapters that follow this one. Having data from two sites allowed me to look across sites for consistent themes and noteworthy differences; I have included a section describing this process. Lastly, I address the decisions I made as I conducted this study that altered my research design and the limitations of this study.
Model of the Financial Markets

A primary goal of this dissertation is to examine the potential for financial education, as framed by the US government and other major funding agencies, to successfully influence the practices of its constituents in light of what is known about the financial decision making of these individuals. To illustrate the model of the purpose of financial education, I offer the following two diagrams. The first diagram (Figure 3:1) captures the role of financial education as framed by policy makers and funding providers and the second diagram (Figure 3:2) is informed by others' research on the financial practices of individuals that operate in the alternative financial sector.

Figure 3:1 captures the changes in the financial market in the past 25 years. It highlights the bifurcation of the financial sector into mainstream and alternative. The dashed arrow indicates the prevailing assumption: movement from the alternative to the mainstream financial sector could be secured by offering a combination of financial education and government regulation of financial practices. Currently the mix of these two mechanisms varies by state—some states regulate practices like payday lending quite strictly while others offer no regulations. The diagram in Figure 3:2 suggests, based on current research on the banked, underbanked, and unbanked that the boundaries between the two financial markets are more porous. Specifically, individuals, particularly low-income individuals, often operate in both markets. This model suggests that the gray arrow, which represents financial education and government regulation, is not the only means by which individuals move between markets. There are other forces at work. For example, micro-level policies may determine which payments can and cannot be made with checks. Similarly individuals' may desire for certain transactions to remain un-
recorded. Both policies and individuals' desires can drive actions to and from the mainstream financial markets. This dissertation study focused on the gray arrow connecting the alternative financial market to the mainstream financial market. My intention was to examine the financial education component of this arrow in an effort to understand how financial education happens and how participants in the program understand it. More specifically, how would participants locate their practices in these markets and does financial education alter their actions? In addition, this research speaks to why individuals locate their practices in one or more financial markets. Lastly, does this model for the role of financial education make sense, given what we know about how and why individuals make financial choices?

Figure 3:1 Financial Market Diagram 1
DEREGULATION OF FINANCIAL INSTITUTIONS

OLD FINANCIAL MARKET
- CHECKING
- SAVINGS
- MORTGAGES
- INVESTMENTS
- STOCK MARKET

PAWN SHOPS, LOAN SHARKS

MAINSTREAM FINANCIAL MARKET
- CHECKING, SAVINGS, INVESTMENTS (MORE COMPLEX), MORTGAGES (MORE VARIED), SECURITIES ETC.

ALTERNATIVE FINANCIAL MARKET
- CHECK CASHERS
- PAYDAY LOANS
- PAWNSHOPS
- PREDATORY LOANS

Financial education & govt. regulation
Research Participants and Settings

To explore these questions further, I undertook a qualitative research study to learn more about the financial actions and considerations of those involved in financial education settings. I wanted to understand what the class participants saw as their options and, further more, what they considered to be their best choices. Based on the models above, I was interested in understanding the financial markets in which individuals were...
operating and if the location of their actions was influenced by education. Whenever possible, I tried to uncover participants’ processes and logic of their financial decisions.

I conducted this research at two sites and with two populations that were at different places along the financial stability continuum. In both settings, the subjects in this research were low- and moderate-income adults who reside in Philadelphia. Following the lead of Michael Fellowes and Bruce Katz (2005), who after investigating the cost of being poor in Philadelphia suggested that alleviating this high cost would require “investments in rethinking financial education.” (p. 52), I sought to do just that. This dissertation seeks to examine and rethink financial education efforts in two settings and use those findings to speak more broadly about financial education.

The two settings where I conducted my research were a credit counseling agency and a welfare-to-work agency. I chose these two settings because they offered financial education in different ways. One setting offered classes in discrete blocks with a formal curriculum while the other offered financial education as one component of a larger two-week program. I felt that in order to understand the consistencies and variation among the range of individuals for whom financial education is considered useful, it was necessary to collect data from more than one setting and more than one population.

Credit-Counseling Agency

The setting where I began my research was a credit-counseling agency in Philadelphia. This agency offered a series of financial education workshops that cover many topics. They also offered private counseling sessions for those looking to deal with and repair their credit. After meeting with employees of this site and visiting a series of
different classes, I chose to focus on the CheckingNOW class. I chose this class for several reasons, both methodological and practical. Methodologically, this class had a defined curriculum and a specific goal. Additionally, my initial observations of the class raised questions about how educational goals of the class met the needs of the students and I felt further investigation of these questions was warranted. Practically, the class met approximately monthly, giving me regular access to classroom observations and to potential students for interviews. In the early stages of my dissertation, I had intended to spend time in multiple financial education classes offered at this site, but the CheckingNOW class was offered most consistently and allowed me to collect ample data. The other classes I observed were offered far less often and it proved to be too difficult to see the same class repeated multiple times and collect sufficient data.

I felt it was important that the research I conduct at this site serve to fulfill my dissertation requirements as well as benefit the credit-counseling agency. Before beginning my studies and after observing several classes, I engaged in a series of conversations with employees and the director to explain my goals and make sure that they were comfortable with what I wanted to do. I also made it clear that I was comfortable adding components to my study. They have been offering this class for many years and wanted to examine how the goals of that curriculum, as stated and as enacted, align with the goals and realities of the students in the class. The credit-counseling agency asked me to work with them to understand the curriculum they used in the CheckingNOW class and the potential for changes and improvements. I agreed I would

17 All names of classes and individuals are pseudonyms.
share my findings and suggest modifications to the curriculum upon the completion of my research.

The CheckingNOW class was designed to help individuals restore their checking privileges. Individuals generally have their checking privileges revoked when they mismanage their accounts through repeated overdrafts or ongoing negative balances. When banks deem a customer too risky, they report that customer to ChexSystems; an agency that keeps a database of such customers. For a fee, banks can subscribe to ChexSystems and have access to those names so they can screen new customers. Banks generally will not open a checking account for those people whose names appear on ChexSystems.

CheckingNOW class was offered monthly from September to May. Few financial education classes were offered in the summer because attendance had been shown to be quite low during those months. Susan, who directed the education efforts at the credit-counseling agency, taught each class I observed. CheckingNOW is a 3-hour course and students sign up in advance. The credit-counseling agency funds the both free and fee-based financial education workshops. The CheckingNOW class cost $30, a fee that covers some of the cost of the materials and the administrative processing related to this program. The remainders of the program costs are covered by grants and donations from participating financial institutions (those that accept the certificate and allow participants to open checking accounts). Clients at the credit-counseling agency were low- and
moderate-income individuals; over 60% of the participants qualified as low-income as defined by the OCHD definition.\textsuperscript{18}

\textit{Welfare-to-Work Agency}

I approached a second site for my research when I realized that I was only going to be able to effectively observe one type of class at the credit-counseling agency. Because I added the welfare-to-work site after I had been observing in the CheckingNOW class, the research I conducted at the welfare-to-work agency was informed by my research efforts at CheckingNOW. I chose this site in part because I could receive permission to conduct research there somewhat rapidly and in part because it was able to offer an important element to my data collection. This site selection could be considered an opportunistic sample, one that “uses the knowledge and attributes of the researcher to identify a sample, for example, using a researcher’s local knowledge of an area on which to base a study or using a researcher’s past experiences to contact participants or gatekeepers” (Brady, 2006, p. 205). Since I wanted more interaction with low-income individuals in a setting that would allow me to learn more about how they were thinking about money, how they made decisions and the reasons behind some of their financial preferences, this opportunistic sample was ideal. I sought out this second site with those intentions in mind and designed my data collection procedures, focus group interviews, to further that line of investigation.

The welfare-to-work agency served welfare recipients who have received benefits for at least 24 months with the goal of training participants to work in jobs that would

\textsuperscript{18} For further discussion of the OHCD and other definitions of low- and moderate income, see Chapter Two.

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lead to self-sufficiency. The agency placed a primary focus on training and had relationships with organizations throughout the city where their trained participants were placed in jobs. The organization’s literature stated that 75% of the job placements that are made through their program are kept. The program provided a two-week orientation focused on helping participants work on the skills needed to obtain a job, interviewing skills, a resume and professionalism. For the following six months, the participants were placed in a transitional job with a mentor. They spent a portion of their time at that job and the remainder of their time continuing their ongoing professional development at the welfare-to-work agency. Following this six-month placement, the welfare-to-work agency assisted their participants in finding fulltime positions and the welfare-to-work agency continued to offer forms of support, like professional development, for six months after placement.

The participants in this study were participating in the two-week orientation. The orientation class generally began with about 20 participants, but as the two weeks went by, participants dropped out or were placed in their jobs and thus the numbers dwindled. According to the teacher, typically at the end of two weeks, half the class had left. I conducted five focus group interviews with 43 students in total. At the welfare-to-work agency, I was paired with a teacher, Mr. Green, and he arranged for me to spend time in his classroom and with his students for focus group interviews. There were many curricular components to those two weeks; the one I was most interested in was the budgeting lesson. The curriculum used in this class was a less formal curriculum than that

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19 I chose to refer to Mr. Green formally because in his class his students addressed him formally. I use only a first name when writing about Susan because she introduced herself to her students by her first name.
in the CheckingNOW class. I had initially planned to observe the class during the budgeting lesson and conduct the focus group interviews after. However, it was more difficult to do so than I expected. Mr. Green's class schedule was quite dependent on outside factors and thus it was hard to predict when he would be teaching a particular lesson. Consequently, I chose to conduct focus group interviews at times that worked for him and attempted to observe the budgeting lesson when it worked out. In the next two chapters I describe the curricula, teachers and participants in further detail. The following table represents the data collected for this study.

**Table 3.1 Summary of Data Collected**

<table>
<thead>
<tr>
<th></th>
<th>Credit-Counseling Agency</th>
<th>Welfare-to-Work Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written Curriculum</td>
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<td>None</td>
</tr>
<tr>
<td>Teacher Interview</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Number of Classroom Observations</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Number of Interview or Focus group interviews</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Number of Participants</td>
<td>9</td>
<td>43</td>
</tr>
</tbody>
</table>

**Research Design**

One of the strengths of qualitative research, as explained by Joseph Maxwell (1996), is that it can be used to "understand the particular context within which participants act, and the influence that this context has on their actions" (italics in original, p. 17). Qualitative research helps us understand processes, and "although this does not mean that qualitative research is unconcerned with outcomes, it does emphasize that a major strength of qualitative research is at getting at the processes that led to these outcomes" (pp. 19-20). This dissertation aims to understand the context in which participants in financial education classes make decisions, the processes by which they...
make their decisions, and the process by which financial education classes and curricula attempt to achieve their goals.

With attention to the process, this dissertation examines the financial education programs in place in these two settings in order to begin to conduct a formative evaluation. As Maxwell notes, when engaging in a qualitative study for formative evaluation, one of the goals is to “improve existing practice rather than simply assess the value of the program or product being evaluated” (p. 21). In this dissertation, I work under the assumption that a better understanding of the context in which participants in financial education classes make their financial decisions would serve to improve the existing programs.

Since I was interested in understanding financial education from multiple perspectives, I used qualitative methods to collect and analyze my data. As suggested by the work of Kathryn Edin (2000), Edin and Laura Lein (1997), Roberta Iversen (2002), Iversen and Annie Laurie Armstrong (2006) and David Shipler (2004), examining financial situations and hardships from the perspective of those living that life offers a critical perspective for understanding policy implementation that can be used to inform both policy makers and practitioners. My research reflects the assumption that a deeper understanding of the current financial choices and understandings of those involved in the programs could make financial education efforts stronger. In addition, I contend that the investigation of the student perspective on this educational experience should be situated in a broader setting that considers the perspective of the teacher, the enacted curriculum and of the written curriculum. Maxwell (1996) explains that triangulation is “collecting information from a diverse range of individuals and settings, using a variety of methods”
and using such data to inform and strengthen your research conclusions. Therefore in this dissertation I triangulate these data, and offer a perspective of the financial education efforts at both sites that considers the agency’s, teacher’s and individual goals, which can be used to inform future efforts.

Data Collection and Analysis

For this study I collected several types of data. I was interested in curricular documents, which included the texts for both the teacher and the student, the teacher’s perspectives on the class and their students, and the participants’ perspectives. I also wanted to account for what went on in the actual classrooms. In this section, I describe my data collection procedures and then how I analyzed the data I collected. I begin by describing the process I undertook to analyze the curriculum documents used in the CheckingNOW program. I then describe my methods for collecting and analyzing data on each program and its participants. In most instances I have separated the CheckingNOW data collection and analysis from the welfare-to-work data procedures since they tended to vary in notable ways.

Given that I had several types of qualitative data, I began by analyzing each data set separately and then I looked across all the data as a whole. For each set of data I used the process of analytic induction to identify initial themes in these data, then coded data for those themes, looking for confirming and disconfirming evidence while refining the themes and assertions as I went (Maxwell, 1996). I analyzed the teacher and student interviews separately to understand the themes that emerged from within each group. I then looked across the interviews to compare teacher and student definitions of the purpose of financial education and assessed if these purposes were aligned. I also paid
close attention to the way that students described their current financial practices and the way that teachers described what they assumed to be students’ current financial practices and understandings.

To guide my coding process for the interviews and focus group interviews, I followed the process suggested by Auerbach and Silverstein (2003). They suggest beginning with the raw text, and making it more manageable by culling these data down to the “relevant text” or “text that is related to your specific research concerns.” The next step in the process was to examine the passages’ repeated ideas, or codes. Some of these codes fell directly in line with my expectations for my data while other unexpected patterns or counterexamples emerged as I was coding. I then organized my repeating ideas or codes into themes. The themes were then organized into theoretical constructs and lastly a theoretical narrative (Auerbach & Silverstein, 2003). For my research, this process was not linear, it was iterative and I moved back and forth between the text, codes and themes regularly.

Examining the Curriculum, Both Written and Enacted

For this dissertation, I examined the written and the enacted curriculum. The written curriculum refers to the actual curricular text and the enacted curriculum refers to the way these texts are implemented in the classroom (Clandinin & Connelly, 1992). In the context of this study, and in curriculum studies in general, it is important to consider who is defining the goals of a curriculum and their motivations to do so. What is not included in the curriculum may be just as important to attend to as what is. Michael Apple (1996) contends that curriculum is neither value-free nor power-free; it is, he states, “a decision to define some groups’ knowledge as the most legitimate, as official
knowledge, while other groups' knowledge hardly see the light of day” (p. 22). While it will not be the focus of this dissertation to examine power explicitly, it is necessary to recognize these structures and the role that power and values play in writing and enacting curriculum.

The word curriculum can be used to refer to written materials that were produced to embody a particular vision of what should be learned in a given class (Snyder, Bolin, & Zumwalt, 1992). In other cases, the word curriculum is intended to capture what happens in the classroom; while this may be in some part guided by the written curricular texts, the teacher and students play an integral role in shaping the actual classroom happenings. Examining curricula offers an opportunity to understand the intentions of a particular educational program. However, there are multiple aspects of a curriculum that combine to create the teaching and learning environment. A study that considers multiple aspects of a curriculum can be rich and informative.

Jon Snyder, Frances Bolin, and Karen Zumwalt (1992) define curriculum enactment as “the educational experiences jointly created by student and teacher” (p. 418). Curriculum enactment, with its focus on understanding the perspectives and interpretations of students and teachers, allows us to examine variation that can occur across and within classrooms using the same written curriculum. Students’ and teachers’ existing beliefs and knowledge play an important role in shaping classroom actions and for that reason are an important focus of this study.

When considering how to conceptualize curriculum enactment, Snyder, Bolin and Zumwalt label teachers as curriculum developers (p. 418). For a model of teachers as curriculum developers, I follow the work of Janine Remillard (1999). Drawing on the
work of Miriam Ben-Peretz (1990), Remillard refers to teachers as curriculum developers. While Ben-Peretz cited two stages of curriculum development, the writing of the materials as the first stage and the decision by the teacher, based on the teacher’s goals for his/her students, to use certain pieces of the written curriculum as the second, Remillard suggests that the second piece of curriculum development is more complex. Drawing a distinction between her concept of curriculum development and Ben-Peretz’s, Remillard explains that a teacher *develops* the curriculum as (s)he is enacting it in the classroom. The adaptations that occur during lesson implementation, which are often based on students’ reactions and responses and are often unpredictable, are part of *curriculum development*.

This analysis of the written curriculum will be in service of answering the first part of the following research question:

In financial education classrooms, how do teachers present the process of making financial choices and decisions? Specifically, how do they adhere to and deviate from given curricular and written materials?

In a study focused on teachers’ use of curriculum materials, Remillard (1996) offered an analysis of mathematics textbooks focusing on the manner in which the curricular text tried to communicate with both teachers and students. She analyzed, among other areas, the messages to the teachers, both explicit and implicit, and the types of problems that were offered for students. She emphasized the usefulness of examining the way that written curriculum communicated with teachers and noted that there can be consistencies and inconsistencies in the messages within the written text. Following Remillard’s suggestions, in examining the written curricular materials, there were several areas that I attended to: the instructions to the teacher; the materials intended for students
to keep; the extent of student participation recommended in the lesson structure(s); the assessments; and the structure of the content. In Chapter IV, I review the written materials for the CheckingNOW class and in Chapter V, I discuss the lack of written materials for the welfare-to-work budgeting lesson.

*Analysis of CheckingNOW materials.* For the CheckingNOW class, I examined the Facilitator Manual, the Student Manual, and the text and content of the evaluation that was given at the end of the class. The textual analysis for each of the documents took on a similar form. I began by cataloging the contents and creating typologies for the types of information presented in the manuals. Understanding the manuals allowed me to begin to think about the types of information being presented—e.g., instructions to teachers, information about students, worksheets for students, etc. The two manuals were to be used together, so I attended to the directives in the Facilitator Manual about what content in the Student Manual was important and how teachers were instructed to use particular parts of the Student Manual. These directives were organized such that they offered advice for specific pages in the Student Manual. I noted instances in which the Facilitator Manual called for supplementary exercises or actions that were not included in the Student Manual. Lastly, I examined the evaluation that students took before they exited the class. I looked at this document for the content it assessed and in light of the content that was contained in the Manuals. This analysis and comparison across texts is presented in Chapter IV.

*Classroom observations.* To capture the enacted curriculum, I conducted classroom observations. I observed the CheckingNOW class seven times. For each observation I took detailed field notes and used those field notes to construct narratives of
the classes. When possible, I recorded direct quotes from the teacher or students in my notes. In addition, I documented how many students were in attendance and the observable demographic characteristics of these participants. These narratives served as a data source. In one instance when I arrived to observe the CheckingNOW class, the teacher was not present. The students and I waited for about 10 minutes and other staff members at the credit-counseling agency were alerted to the teacher’s absence. After 10 minutes, a staff member asked me if I would be willing to teach the class, explaining that if I did not, the class would have to be cancelled. I agreed to teach the class, and although I did not collect data on the teaching of this class (a classroom observation), I did, as I will discuss below, solicit participants for my interviews from this class.

For the budgeting lesson in the welfare-to-work site I was only able to observe the lesson once. Twice I was able to sit in on another lesson, and I used those observations to inform my analysis of Mr. Green’s teaching style. As I did in the CheckingNOW class, for the lessons I observed, I took field notes and used them to construct narrative accounts of the class. Those notes were used to inform my enacted curriculum analysis.

Analysis of the CheckingNOW enacted curriculum. The class was taught with power point slides; these slides tended to guide the content presentation. The Student Manual had pictures of the slides on pages that corresponded to the slide content. The manual also had other pages with no slides. To evaluate the difference between the written and enacted curriculum, I compared the Student Manual to the classroom narrative and examined if Susan “covered” the material on each page. I created a page-by-page analysis and this allowed me to see what content Susan taught and the content she skipped. I then added to the page-by-page analysis whether or not the Facilitator
Manual offered instructions for the teacher for each page. I ended up with a matrix that allowed me to see, for each page, the content, if the Facilitator Manual offered teacher directives, and if Susan taught that content in her class always, never or usually. This helped to inform my understanding of the decisions about the content in the written curriculum Susan chose to use. It also allowed me to see patterns in the type of directives from the Facilitator Manual that she used and those she omitted.

To further my analysis of the enacted curriculum, I used the narratives of seven CheckingNOW classes I observed. I began by compiling a list of the content presented and the manner in which it was presented for each class. I compared these lists across classes to confirm that events and material were consistent across classes. I then examined those events that did not occur in every class and categorized them as either unique instances or occasional instances (occurring in more than one class, but not all). I used this analysis to write the general narrative of the class that is presented in Chapter IV.

Welfare to Work Curriculum: Data Collection and Analysis. The welfare-to-work agency did not provide me with any written curriculum. Thus my analysis of materials at this site was limited. The welfare-to-work classroom was more difficult for me to spend time in and thus my observations were limited to one instance of the budgeting lesson and two other visits. To construct the narrative of the budgeting class I used the one observation. I used the other two observations to speak more broadly about Mr. Green’s teaching style and the way students reacted to him. With no written curriculum, I was unable to conduct a similar content analysis with a text.
Teachers' beliefs, which are often situated in their myriad experiences as a student and a teacher (Ball, 1997), are not the only factors at play in shaping classroom practice. Other local goals, meanings, societal expectations and events (McNeal, 2001) can mediate classroom practices as well. To capture both teacher beliefs about financial education as well as the larger social context, as interpreted by teachers, I conducted semi-structured interviews with both Susan and Mr. Green.20 Each interview was about one hour in length and covered a range of topics including the teacher’s backgrounds (since both teachers came to this career after other careers), their understandings of the purpose of the courses they teach, the knowledge they think their students bring to the classroom and how they know what the students have learned. After conducting the interviews, I transcribed and analyzed both of them. These interviews informed my analysis of curriculum enactment in Chapters IV and V. I interviewed each teacher only once, and after observing just a few classes. I felt that if I were to conduct follow-up interviews with more specific questions related to teaching style and the content taught they might be perceived as overly critical and I wanted to avoid that possibility. The CheckingNOW teacher interview protocol can be found in Appendix A and the welfare-to-work interview protocol can be found in Appendix C.

For both of the teacher interviews I began by using the interview protocol to develop pre-existing codes. I then examined the interview transcripts for passages that fit into that list of codes. After using my pre-existing codes, I eliminated any codes that did not prove fruitful because they were either no passages that satisfied the code or those

20 All names in this study are pseudonyms.
that did were not relevant to my research questions. I then re-read the interviews to create
a list of emergent codes, passages that were interesting or relevant to my research
interests but did not fit into my initial coding schema. I recoded the interviews using the
emergent codes. For each teacher, I looked across the codes and the corresponding
passages and developed descriptions that reflected each teacher's goals for the students,
er her/his theories about the students' financial knowledge and anything else that emerged.

Participant Data Collection: Interviews and Focus Group Interviews

Critical to my analysis was learning about the student perspective on financial
education as well as on their financial actions in general. Those promoting financial
education take the stand, with some variation on why and how, that an individual in such
a program needs to learn something related to financial choices, actions or decisions. In
doing so, these educators assume that their students should or need to learn about some
aspects of managing their finances. As part of my research, I attempted to uncover
students' perspectives on these matters. I used individual and focus group interviews
because "interviewing allows the evaluator to enter another person's world, to understand
that person's perspective" (Patton, 1987, p. 109). I felt it was important to give students
the opportunity to voice what they knew about financial matters and how they made
financial decisions. My underlying assumption was that the knowledge students bring to
a classroom influences the way they interpret the content that is presented in the
classroom. In this case, the students' knowledge and experiences in their lives that were
related to money were likely to influence the way they understood the material that Susan
and Mr. Green were presenting to them. I conducted individual interviews with the
students of the CheckingNOW who volunteered and focus group interviews with the

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students in the welfare-to-work agency. The individual interviews allowed me a more structured look at a particular class over time and across students. The focus group interviews gave me an opportunity to learn more broadly about a smaller set of issues, in this case those regarding money management and financial choices, from a larger group of individuals in a shared setting. According to Patton, “the purpose of qualitative interviewing in evaluation is to understand how people in a program view the program, to learn their terminology and judgments, and to capture the complexities of their individual perceptions and experiences” (p. 115). Both the individual and the focus group interviews were designed to address the following research questions:

In financial education classrooms how do teachers present the process of making financial choices and decisions? How do students react to the information represented in these classrooms? What do they report learning?

What experiences and understandings about financial matters do students use to inform their actual practices? How varied is this information across students and across settings?

CheckingNOW interviews. At the beginning of each of the CheckingNOW classes I attended either the instructor introduced me and explained briefly about my research or she asked me to introduce myself. At that time, I mentioned that I was looking for participants for my research and that the students in the class were under no obligation to sign up. I then sat through the class, participating on occasion if Susan, the instructor, asked me to or if something came up that was appropriate for me to say. For example, in one instance I shared a story about an incident at my bank in which my brother was given my account number and how that was cleared up. At the end of class, I reminded the class that I was looking for volunteers for my study. I then asked that if they were willing to participate that they gave me their name, phone number or email address and a good
time to contact them. Although my initial research design suggested that I would do in-person interviews, arranging such meetings proved to be too logistically complicated. I revised my research protocol to include phone interviews and in-person meetings if possible. Within the week after the class was held, I called or emailed the students from the class who had volunteered. If the students answered, they would either agree to be interviewed at the time of the call or I would arrange a more convenient time for them. If I emailed, we set up a phone meeting at a convenient time for the student. In the seven classes I observed, 23 students attended the classes, 16 volunteered to be in my study and I was able to set up and conduct interviews with nine of those volunteers.

Each of the interviews I conducted was semi-structured. I had an interview guide, defined by Patton (1987) as “a list of questions that are to be explored in the course of the interview...[so that] essentially the same information is obtained a number of people” (p. 111). I deviated from the guide when the participant brought up a relevant and interesting topic in his or her response that warranted further conversation (see Appendix B for the interview protocol). The topics of the interview included previous financial education, expectations for the class, what students learned in the class, where students felt they had learned about money and their current financial habits and practices. For the class that I taught, I asked for volunteers to participate in my research, but I did not ask those students any questions about what they learned or how they reacted to the class. I felt there was little use in comparing data from those students to data from students in the other six classes I observed. After each interview, I transcribed the interview and compiled notes on important portions that I recalled.
Other CheckingNOW student data. At the end of each CheckingNOW class participants were asked to complete a survey that had demographic questions as well as questions about the class. I was given access to these surveys over the course of my observations at the credit counseling agency, a period that was slightly longer than my actual formal data collection period. I was given the surveys in raw form and I compiled the responses and aggregated them across classes. In Chapter IV, I used these data to paint a picture of the students that took the class and how the individuals I interviewed aligned with or failed to align with that group as a whole. In some cases I felt the construction of the survey was not sound enough to generate reliable data and I chose to omit such questions from data used in Chapter IV.

Analysis of CheckingNOW interviews. The process for coding the student interviews was quite similar to the process for the teacher interviews. For the student interviews, however, there were a few additional steps. I used pre-existing and emergent codes to code the interviews and then looked across all the students to determine themes and discrepant cases. Once I develop the themes that cut across students, many of which stemmed from the interview protocol, I wrote narratives accounts to describe each student. The narratives were structured by the codes to allow me to look easily across students. The codes were as follows: a) Past Financial Education Classes/Workshops, b) How Student got into Banking Trouble, c) How Student Learned About the Class, d) Student’s Goals for the Class, e) Student’s Current Money Management Techniques, f) Student’s Future Plans for Money Management, g) Student’s Experience in the Class, h) What Student Learned at Home and in School, i) Use of Class Text, j) Student’s
Realities/Challenges, k) What this Student was a Case of? These categories provided the backbone for the student analysis in Chapter IV.

Focus group interviews. At the welfare-to-work site, I conducted five focus group interviews. Focus groups offer the opportunity to “interview a small number of people on a specific topic” (Patton, p. 135). Importantly, according to Patton, “focus group interviews also provide some quality controls on data collection in that participants tend to provide checks and balances on each other which weed out false or extreme views” (p. 135). One risk of focus group interviews is that one participant can dominate the discourse, so I tried to set initial ground rules in each focus group that included giving everyone who wanted a chance to talk. I also tried to redirect the conversation when it got off topic.

I set up each focus group interview with Mr. Green. He suggested good times for focus group interviews and I would show up. He would either leave me with his class, in his classroom or set me up in another classroom with some portion of his class. Each time he introduced me and mentioned I was working on my doctoral thesis. Then I explained what I was studying and that I planned on asking the participants a series of questions about money management and experiences around money. I always explained that no one was required to answer any of the questions. I made it clear that since the participants in these focus group interviews did not volunteer to be in my study their participation was not required. Because of that, it was often the case that there were many more people present in the room than those who participated. The focus group interview protocol can be found in Appendix D. I recorded all of the focus group interviews using a digital recorder. For each focus group interview I asked that the participants say their name.
before they spoke for each questions they to which they responded. In some focus group interviews I was better at enforcing this than others and thus my ability to connect the names to the statements varies in my data analysis. I conducted five focus group interviews with 43 participants in total.

I began most of the focus group sessions in the same manner, by asking the participants to introduce themselves and share the number of children they had, their age and their neighborhood. I then asked them to share something they had done with money that they thought was smart. Following that I asked for something they had done with money that they thought was not smart. That generally got people used to talking and being recorded and from there I either followed up on an interesting strategy someone presented or continued with my focus group protocol. One of the strengths of using focus group interviews as a qualitative research tool is that the interactions are between not just the interviewer and the interviewees, but between interviewees and such “interaction[s] can lead to relatively spontaneous responses from participants” (Morgan, 1988, p. 18). Thus I tended to let the participants respond to each other. I tried to guide the conversation in the earlier part and follow the lead of the participants and the “spontaneous” responses as I deemed them relevant to my research in the latter part of the interview. The focus group interviews each took their own paths and these data overlap in some places and are quite different in others. I felt that this was both a strength and weakness of my data collection. Thus for some of my analysis, topics cut cleanly across focus group interviews, while for others, my analysis is based entirely on one focus group. I used data from the earlier focus group interviews to inform my questions and my follow-up questions in the later interviews.
Analysis of focus group interviews. To analyze the focus group interview data I began by using pre-existing codes that were based on my focus group interview protocol. I used a spreadsheet to catalog each code and the corresponding text. After coding for the pre-existing codes, I made a spreadsheet that listed the questions asked and topics for each focus group. This allowed me to look across focus group interviews to examine the extent to which the content was similar. It also made it easy to see discussion topics that emerged during the focus group interviews and those became the emergent codes I used. I added the text passages that were coded with the emergent codes to the spreadsheet with the pre-existing codes. Each code included all comments on that topic, even if they represented disagreements. The codes that I finalized were: the Use of Checks, the Cost of Money Orders and Check Cashing, Paying and Keeping Track of Bills, Savings Strategies, and Finding Money. I used these themes to structure my focus group analysis in Chapter V.

Looking Across the Data

The last phase of my data analysis was to examine both sites' sets of data for cross cutting themes. Following the suggestions of Auerbach and Silverstein (2003), I used my existing and emergent themes to develop and support my analytical framework. The results of this process are presented in Chapter Six in which I look across the two research sites. I offer insights into individuals' money management strategies and decisions and examine how the enacted curriculum interacts with those realities. Doing this allowed me to make analytic claims about the knowledge that students bring to financial education settings and the recognition teachers give to this knowledge. This chapter addresses my second research question:
What experiences and understandings about financial matters do students use to inform their actual practices? How varied is this information across students and across settings?

Douglas Ezzy (2002) explained that, “coding is finished when the researcher is satisfied that the theory has been saturated... Note that saturation refers to the relationship between the codes and the emerging theory.” He is careful to expand on this by also explaining that does not mean these data are exhausted, simply that they have served to support the proposed theory. For this research, I followed that definition of “finished.”

Limitations, Concerns and Decisions

With any study there are choices that are made as part of the design and then choices that are made related to the unanticipated realities of implementing a research project. This study has both. I feel it is important to be upfront about these limitations and clear about how I handled such limitations as this study progressed. I first present the limitations of the project, as designed. I then present the limitations of the project that resulted from changes in the design.

This study relied heavily on interviews. Conducting interviews is a powerful way of “describing process” and “learning how events are interpreted” (Weiss, 1994). However, when conducting interviews it is hard to know that the information you are receiving is the truth. “The vagaries of respondent memory make for reports in which some observations are crystal clear while others are obscured or distorted or blocked” (Weiss, 1994). It is also unlikely that the respondent provides the full picture. “There are events that we are unlikely to hear unless we have established an interviewing relationship in which there is extraordinary trust” (p. 149). Having weighed the potential costs and expected benefits of using interview data, I felt that it was still a good method
to get the type of data I wanted and that having multiple participants would allow me to look for consistency in themes and weed out potential distortions or vagaries.

In implementing my study, I ended up conducting both interviews and focus group interviews. Focus group interviews, as discussed above, can offer different types of information than interviews. The interactions between participants often serve to confirm or contradict statements offered and facilitate more questions and comments that an interview might generate. In both the focus group interviews and the individual interviews, I asked for volunteer participation. Thus my research suffers from a bias of self-selection since I only spoke with individuals that wanted to talk to me. Since the information I received from the participants was somewhat varied, I suspect that the self-selection bias does not limit my ability to conduct reliable data analysis.

All but one of my interviews was conducted on the telephone. Robert Weiss (1994) puts forth that having met the interviewee before the interview is helpful and I found the same thing. I met all my participants in their CheckingNOW class before I interviewed them and when I called them all for the interview they always knew who I was. There is some debate about the quality of data that can be collected using the telephone. Weiss suggests that telephone interviews provide a “shallower” connection to the interviewee and tend to be shorter than in person interviews (p. 59). Jane Tausig and Ellen Freeman (1988), on the other hand, found that using telephone interviews, for follow-up interviews, increased the comfort of the interviewee. Like Weiss, they found initial in person contact to be important. The participants in such interviews were “interviewed at their convenience, in the comfort of their own homes, could relax without visual scrutiny or observation by the interviewer” (p. 425). My experience suggests that
both scholars may be right, in some cases it is likely that the interviewees were briefer than they would have been had they met me. In other instances, however, the telephone may have provided added comfort and allowed me access to a longer and more in depth interview than I would have otherwise conducted. While there is no way to know if a person interviewed on the telephone would respond similarly in person, researchers similarly do not know if a person interviewed on one day would have answered similarly had they been interviewed the next.

Briefly, the study was originally designed to look at financial education classes and the students in multiple classes at one site. Since I was only able to successfully observe one type of class in the credit-counseling agency, I added the welfare-to-work site midway through my research. The addition was unexpected and I had less time to prepare my data collection procedures and design. I also had to work within the constraints of the site. While the first few focus groups at this site provided rich data, the site had no written curriculum. I decided to continue with the site because the focus groups were going well and it is likely that several programs that provide financial education have limited or no written financial education curricula. Additionally, I was only able to observe the budgeting class once at this site. I recognize that this limits my ability to look across sites in some ways, but I felt that the data across sites in terms of the individual and focus group interviews provided ample room for comparison. It also meant the description of the budgeting class in Chapter V is not as rich as that of the CheckingNOW class in Chapter IV. These are the realities of conducting research in a dynamic educational setting and are quite hard to avoid. Throughout the remainder of this
dissertation I have tried to be clear about the data I collected, the analysis I conducted and the limitations of each of the above.
Chapter IV: Analysis of the CheckingNOW Class and Students

ChexSystems

A number of individuals who operate without a bank account do so because they have lost their banking privileges. Individuals who have mismanaged their checking accounts can be reported to an agency called ChexSystems. “Mismanagement” is a term that is used to signify that someone has a negative balance and owes the bank money for some extended period of time that is deemed longer than acceptable by the bank. Banks can implement their own policies regarding when they report a customer to ChexSystems, but typical reasons include multiple overdrafts, an account with a negative balance for a length of time, or fraud. ChexSystems is a national registry that is used by banks to determine if a customer can open an account; an individual with a ChexSystems report cannot open a checking account at most banks.21 Individuals are typically on ChexSystems for 5 years, although legally, based on the Fair Credit Reporting Act, individuals could be on it for 7 years. When an individual is placed on ChexSystems, she can take a class that provides a certificate that will allow her or him to open an account at a participating bank before the 5 years have passed.22 Students learn about this class in different ways, in some cases, a bank will refer them to the class when they deny them access to a new account, in some cases they will not. Some students have learned of the class from the local news media coverage and others from their first time homebuyers.

21 To access the ChexSystems reports banks must subscribe to the service. Banks that do not subscribe to the service, may not turn an individual away. According to the teacher of the class, the majority of banks subscribe to ChexSystems.

22 If an individual’s account was closed due to fraud, this certificate will not allow them to open a new account.
programs or other financial education courses. Although this class offers a set procedure for how to reinstate one’s banking privileges, the reasons individuals end up in this class and what they learn while in the class varies. In this chapter, I use data from my interviews with the students and the teacher along side the textual materials to learn more about how this class is designed to function and how it actually functions in the lives of the unbanked individuals who enroll in the class.

I begin with a description of the written materials and content presented, which Otte (1986) refers to as the objectively given structure. I next provide a description of what happens during the class or the enacted curriculum (Clandinin & Connelly, 1992). Following the enacted curriculum, I examine the teacher’s perspective on the class. I will highlight how she thinks about the goals of the class, the students in the class, her role as a teacher and how she interacts with the curricular materials. Since a major focus of this dissertation is on understanding decision-making models as presented to students, I will focus on how the enacted curriculum reflects implicit and explicit assumptions about what would be useful for students, what students may or may not already know, and how the class presents students with frameworks for making financial choices. I use the student interview to examine the experienced curriculum, that is how the students react to the class in terms of their comfort level, what they learn and how and if they plan to use the content in their financial lives. I also examine how the students position themselves before and after the class in terms of the alternative and mainstream financial marketplaces. Lastly, I’ll highlight some areas that seem to be missing from the curriculum, both as written and as enacted.
Course Materials: Written Curriculum

The written course materials in the CheckingNOW class were composed of a Facilitator Manual, a Student Manual and an exam given at the end of class. I review each of these in detail in this section.

Class Facilitator Manual

The class instructor is provided with a 17-page word document in preparation for teaching the class. This document is called the Facilitator Manual and is issued by the publisher and is to be used as a guide for instruction. The Facilitator Manual is divided into three sections, with the assumption that the course can be taught in three two-hour blocks—the sections are labeled Session One, Session Two and Session Three. It is not required that the course be taught by breaking it into sessions (it can be taught in one 6-hour block, two 3-hour blocks or three 2-hour blocks), so in between the sessions are suggestions for what to do if students are coming back another day or not. In the model presented by the Facilitator Manual, along with the teacher, there should be financial institution representatives attending the class who are available to “answer more technical issues.” Each Session consists of four parts: Introduction, Learning Objectives, Instructor Preparation, and Teaching Topics/Activities.

The Introduction to each session explains the purpose of the section and often offers a description about how students may respond to the material or to questions posed during class. For example, in the first session, the text suggests that students’ “primary concern will be in how the program can help them open an account. Many may be angry or defensive” (p. 3). In the same lesson, the Facilitator Manual offers potential responses students may have when they are asked why they want to use a financial institution:
“Saves money- avoids check cashing and money order fees” or “Access to knowledgeable people to assist you with your financial goals” (p. 4). The Learning Objectives are a bulleted list of things “students will” understand upon completion of the session. The Instructor Preparation portion begins with a general paragraph about what the instructor should know or be familiar with in terms of content. For example, in Session One, it is necessary that the instructor have “a working knowledge of financial issues and money management.” This is followed by a bulleted list of specific content knowledge the instructor should have, such as “cost and fees normally associated with accounts.” The Instructor Preparation section also includes the materials needed for the class, which is simply a bulleted list of supplies.

In the beginning of Session One’s Teaching Topics/Activities, there is a brief explanation of the proposed format of the class:

Class discussion is encouraged. The CheckingNOW program is designed to increase student’s [sic] confidence in their ability to choose and manage an account and address their questions and concerns with their financial institutions in an effective and appropriate way. Students need to be fully engaged in their learning and identify how the material is relevant to their circumstances. Discussion will help this process.

The goals of the class are also listed in the beginning of each chapter:

Students will:
✓ Know the requirements to open an account.
✓ Understand the basic features of demand deposit accounts
✓ Identify what they want and need in an account
✓ How to manage a checking account; writing checks, using a check register, and balancing with an account statement from their financial institution.
✓ Avoid common mistakes in account management. (p. 1 & 9)

The remainder of the Teaching Topics/Activities content is a page-by-page list of the content in the Student Manual with comments and teaching tips for some topics. For
some of the activities, there are tips and ideas about how to get discussion started. For 20 of the 37 pages listed, there are no explicit teaching tips. However, there are 12 activities interspersed through the manual and some of the activities correspond to pages that do not have teaching tips. In some cases, there is a list of the discussion “responses that should be encouraged.” For some of the pages without activities, there are tips on how to present the material or “key points to emphasize.” Other pages are simply listed by the name of the content with no tips at all. In addition to the Manual, there is a three-page set of instructions that lists the Equipment and Materials needed for the course and a description of each of the materials.

**Student Manual**

The students in the class are given a manual to use during the class that they can keep. This book contains four chapters plus a reference section at the end that lists websites that provide additional information about particular topics covered in the class. There are worksheets throughout the chapters, which the facilitator text labels as “activities.” These activities are typically exercises designed to help students make financial decisions (about banks and banking) or understand costs and priorities.

The Student Manual is a soft back book that is 8.5 x 11 inches with 68 pages. It is published by a Midwest University’s Cooperative Extension along with the State’s Department of Agriculture. According to the Student Manual it was developed by a large list of contributors including banks, non-profits, municipal and state offices, credit unions and corporate sponsors.

The content of the pages comes in several formats. One format is an explanation of a financial service or a financial process or matter. For these pages there is generally a
short explanation and then bullets with further information. Examples of this type of format include a description of a type of bank account and information on one's rights under the Fair Credit Reporting Act. A second format is a picture of a banking tool – a deposit slip or a check register. The third format is a worksheet to help collect or analyze information – “Choosing a financial institution?” or “Not Banking – How much does it cost?” Although PowerPoint slides accompany the text, some text pages cover content that has no accompanying slide. Images of the slides are pictured on the pages of the book so students can follow along as the presentation is made. Below each slide there is a space for students to take notes during class.

Content. The Student Manual contains the following four chapters (see Table 4.1):

Table 4.1: Chapters in the CheckingNOW Text

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introducing the Program</td>
</tr>
<tr>
<td>2</td>
<td>Choosing an Account That Is Right for You</td>
</tr>
<tr>
<td>3</td>
<td>Managing Your Checking Account</td>
</tr>
<tr>
<td>4</td>
<td>Keys to Successful Money Management and Credit</td>
</tr>
</tbody>
</table>

Chapters One and Three are somewhat procedural; they generally focused on the “how,” while Chapters Two and Four tend to offered explanations and descriptions of financial processes. Chapter One provides a basic overview of the program components and requirements. Chapter Three focuses on using the checking account, such as writing and endorsing checks as well as maintaining the check register. These two chapters are shorter than Chapters Two and Four. Chapter Two is primarily explanations and definitions of accounts, with several decision-making tools embedded. Chapter Four offers tips on money management and an explanation of concepts such as “what a creditor is looking for,” along with a number of money management tools.

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Chapter 1: Introducing the program. In addition to a program description, this chapter also provides the legal and practical issues related to banking and getting banking privileges reinstated. It begins with an explanation of the process of getting a certificate (the requirements of the course), and then explains the procedures for actually opening an account. Students are offered a description of ChexSystems and then an explanation of how to obtain one's ChexSystems report (a necessary step in opening a new account). The book provides a phone number, an address and a website to contact ChexSystems when requesting a report. There is also a worksheet to help organize all the necessary information that ChexSystems requires the individual to provide. There is an explanation of how to repay money that is owed, again a necessary step before opening a new account. The manual provides a flow chart that walks a student through the steps to open a new account once an account has been closed due to outstanding debt. The last two sections of this chapter are about one's rights under the Fair Credit Reporting Act and identifies that check-writing privileges for reinstated customers are decided on a bank-by-bank basis.

Chapter 2: Choosing an account that is right for you. The description of this chapter given in the workbook states: “This section will describe the basic accounts available, why you may want to choose certain account options, and how to use account features” (p. 11). The next paragraphs detail how the Student Manual accomplishes these tasks.

The chapter begins with an exercise called “Why Use a Financial Institution” with space for the student to write in three reasons. On the same page is another tool called “Not Banking – How Much Does it Cost me?” with an exercise that helps students
calculate the cost of using a Check-Cashing agency to cash checks and Money Orders to pay bills. The goal of this exercise is to help students calculate how much they will save if they open a checking account. The next section in the Chapter is a description of the Financial Institution's Role in the Community in terms of taking deposits and issuing loans to local community members. Once you open your account, the Student Manual concludes: "you are now part of building your community with your account relationship" (p. 13). A space to list: "What are you looking for from a financial institution," is provided. The next portion of the chapter describes types of accounts: Savings Accounts, Electronic Transfer Accounts, Certificate of Deposits, Money Market Accounts, and Checking Accounts (free or interest bearing). There is a slide and accompanying text for each type of account that offers a description of the features. For some of the accounts, advantages and disadvantages of each type of account are listed. This is followed by a section on account ownership and funds availability, describing how a bank processes a check. The next sections are on identity theft and protection. Following this is a section on checking account features, ATM and Debit Cards, Direct Deposit, Pre-Authorized Transactions, and Overdraft Protection. On the last three pages of this chapter there is a description of things to consider when choosing a bank and the account or accounts an individual will open at that bank. Suggested considerations include: how you will use the account(s); fees and regulations; and information about the Truth in Savings Disclosure (APR vs. APY). There are two student activities. The first is a "Banking Priorities Profile" for figuring out what characteristics of an account are important to an individual, and the second tool has individuals compare bank account options (fees and services) offered at two financial institutions.
Chapter 3: Managing your checking account. This chapter is described as having the following purpose for the students: “to acquaint you with the specifics of managing your account” (p. 30). Not surprisingly, it focuses on the mechanics of operating a checking account. The chapter contains primarily samples of bank related forms that an individual typically has to fill out if he has a checking account. There is a sample account application, deposit ticket, endorsement of checks, a check, and a bank statement. For the samples that require the user to input several types of information, like a check, each space is numbered and there is a key explaining what everything is. There are descriptions of the types of checks that a bank can offer: personal, certified, cashiers, and money order. There are also examples and explanations of two check processing issues: a stop payment and overdraft non-sufficient funds (NSF). Following this chapter is a three-page section on 10 common mistakes that “can easily be avoided” which address how to properly close an account, automatic payments, overdrafts, protecting your account, and the like.

Chapter 4: Keys to successful money management. “Successfully managing your checking and savings account will build the foundation to assist you in achieving your financial goals,” is the text in the introductions of this section and it serves to define the purpose of this chapter. This chapter focuses on creating a spending plan and understanding how this plan can help you save towards a goal. The chapter has a number of student activities included. The first page of this chapter has an exercise that allows the student to fill in six things that would be included in her spending plan. On the next page, the student is asked to name things that are important to him (a list is suggested) and separate them by needs and likes - five items in each. Following this, the students are
asked to think about what they want to do with their money or their financial goals, in the coming 6 months, in 6 months to a year, and in 5 years. They are encouraged to think about their dreams and the accomplishments they hope to achieve. The following section stresses the importance of understanding where your money is going and that “once you know where your money is going, you can make decisions on how and what you would like the change.” The book offers 5 methods for tracking one’s expenses. The next page models the method of using one’s checking account to track expenses by recording everything in the check register in great detail.

Determining one’s income is suggested as an important step in budgeting. The book describes how to calculate net income and includes an explanation of what to do if you have irregular income or periodic pay that is not monthly. There is also a chart and several equations to help students calculate their net income. The manual provides a model of how to track one’s spending and use it to make a budget and plan for future spending. It has three columns: current spending ($), necessary changes ($), and planned budget ($). There is a page that reviews the steps of a spending plan. Choosing the right savings tool for your planned savings is addressed and a chart with several examples are given (Emergency Fund, Major Purchase in Next 12 Months, Home Purchase, and Retirement). The Chapter then moves on to examine what credit is and why good credit is important. It explains how to get a copy of your credit report, what is in the report, how to correct an error if there is one, and who has access to such reports. The chapter concludes by explaining how to re-establish credit and examining “should I file for bankruptcy.”
Assessment: Minimum Competency Test

The minimum competency test is given at the end of the class. This test is not in the Student Manual; it is handed out at the end of the class. It was developed by the credit-counseling agency and students are required to complete it correctly before they leave the classroom and obtain their certificates. Some of the exercises in the competency test match activities that are described in the Facilitator Manual but are not taught in the class as it is enacted at this agency. The competency test is composed of two parts. Part One is seven true or false questions about content presented in the course, such as:

- "An ATM card allows you to take the money out of your account at an automated teller machine (ATM)"

- "It is alright if you don't balance your records with your account statement from the financial institution. You can just adjust your records to match your statement."

Part Two is a list of four sample transactions and a current balance that are to be entered in the "sample checkbook ledger." Students are instructed to "add and subtract all entries." The entries include three checks and one deposit. The amounts of the entries range from $28.32 to $580.75. Although it is not written on the assessment, students are instructed to use one of the check entries to write a check. Once they have completed the assessment, students bring it to the instructor to be graded. As will be discussed in the next section, if they have made any mistakes they are asked to correct them (and help is offered if it is needed) until they have completed everything correctly. All the students pass this competency test.

The text in this course seems to move back and forth between offering information, procedures and definitions, and collecting information from the students.
about their lives. Activities are embedded in the text and are designed to help students as they move through the process towards becoming an able banker. The chapters are arranged into what appear to be key stages toward the development of a healthy banking relationship. Importantly, there are sections of the text that assume that students need to be introduced to many banking concepts and definitions; in doing so, the text often assumes little banking knowledge. It introduces students to check writing, savings accounts and the cost of check cashers.

Throughout the examination of the way that the class is enacted and experienced, my analysis was guided by the following considerations about the lives of the students: (1) the material that was presented and if that material new to students; (2) if the students were presented with a model for obtaining and maintaining a checking account that makes sense to them; and (3) if these students are being prepared well to use this model. This analysis includes an examination of where the teacher deviates from the presented text and what content she omits. I begin with a description of the enacted curriculum and follow that by data gathered from my interview with the teacher, including how her beliefs and decisions help us make sense of how the class plays out.

Enacted Curriculum: What happens in the classroom?

To describe the class I draw from seven observations of the CheckingNOW class over the course of nine months. I use the observations to explain the general structure and content of the course as it was presented in the classroom. To create a sense of the consistency across classes, I tried to note when particular material or topics were covered in every class I saw or when it was only presented some of the time.
The CheckingNOW class is offered about monthly from September to June. The credit-counseling agency has decided to offer a condensed version of the class that is only 3 hours. In the past they offered two 3-hour sessions, but attrition was high and few people finished the course. Although it is recommended in the Facilitator Manual, this class had no financial representatives in the classes I observed. In the condensed version of the course, the class covers Chapters One, Two and Three of the text.

The schedule of when the class is offered is published yearly and available in the brochure that is available at the credit-counseling agency and online. The credit-counseling agency also shares this brochure at financial education fairs and with other like-minded organizations to share with their constituents. Class is usually offered at night, from 5:30 – 8:30pm, but occasionally there is a morning session. Students typically sign up for the CheckingNOW class in advance, although on occasion there have been walk-in students. The table describes the students in the classroom by race and gender for the classes I observed (Table 4.2):

Table 4.2 CheckingNOW Class Attendance Data

<table>
<thead>
<tr>
<th>Class Date</th>
<th># Students</th>
<th>Gender and Race</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2005</td>
<td>2</td>
<td>1 black female, 1 white male</td>
</tr>
<tr>
<td>December 2005</td>
<td>3</td>
<td>2 black females, 1 white male</td>
</tr>
<tr>
<td>January 2006</td>
<td>2</td>
<td>1 black female, 1 white male</td>
</tr>
<tr>
<td>March 2006</td>
<td>3</td>
<td>1 black female, 1 black male, 1 white male</td>
</tr>
<tr>
<td>March 2006</td>
<td>2</td>
<td>1 black female, 1 white female</td>
</tr>
<tr>
<td>May 2006</td>
<td>5</td>
<td>3 black females, 1 Asian male, 1 Hispanic/Latino female</td>
</tr>
<tr>
<td>June 2006</td>
<td>7</td>
<td>4 black females, 2 white males, 1 female of unknown race</td>
</tr>
</tbody>
</table>
It is not uncommon for students to sign up for the class and then not show up. For the classes I observed, there were between two and seven students in the classroom even though each time class registration indicated more students were expected. When students enter the classroom, there are six rectangular tables with seats for 12. All the seats face the front of the classroom where the instructor, "Susan," usually stands facing the class. At each seat is the Student Manual for the class, a pen, the materials for the minimum competency test, a survey/evaluation, and materials and pamphlets about other classes and programs offered at the credit-counseling agency. There is also a dry-erase board and a large flip chart for the teacher's use.

When class started, Susan explained that there is 15-minute grace period for late students, but after that the doors will be closed. During the first 15 minutes, Susan usually took care of the "housekeeping," which included having students sign in and telling them where the bathrooms are located. She also covered the format of the class, noting that the class was originally six hours, but they had condensed it since it is hard to get people to commit to a 6-hour session or agree to come to two 3-hour sessions. She explained that this class would only cover the first half of the book. She told the students they are "on their own" for the second half of the book (5/3/06). She described that section of the book as "for personal enrichment" (1/1/6/06). In one class, she described the second half of the book as "not vital" (3/24/06).

Susan sometimes began the class by asking students to introduce themselves and other times she did not. The class followed the basic structure of Chapters One through Three in the Student Manual. Susan did not address all of the pages in the Student Manual. Susan did not address all of the pages in the Student Manual. Susan did not address all of the pages in the Student Manual.

23 This and all names in this study are pseudonyms.
Manual, or all of the slides, but she used the manual as a guide. Of the 37 pages in the Student Manual that are covered in this class, she skipped five of the pages in every class I attended. None of the pages she skipped had a corresponding PowerPoint slide. Susan used the PowerPoint slides when the overhead projector was working and used the Student Manual as a guide when it was not. She generally reminded students that there was space in the Student Manual to take notes.

The class typically proceeded with Susan at the front of the room, speaking about a topic. Her questioning style did not tend to generate classroom discussion. In general, the type of questions Susan asked were yes or no questions and they were directed at the whole class. For example, she’d ask “Does everyone know what direct deposit is?” or “Do I need to go over how to write a check?” However, although Susan’s questioning style seemed to discourage discussion on the topics she presented, students asked their own questions that often would start discussions. Although Susan did not always explicitly tell students that questions were welcome, students generally felt comfortable asking questions about the material presented or about something related to a financial event that they experienced. Thus, Susan created an atmosphere where students were comfortable asking questions, and it was students’ questions that resulted in discussion between them and Susan or sometimes, the whole class. Susan welcomed the questions and sometimes used them to link one concept and another or as a way of reinforcing a concept she was teaching. So, depending on the number of questions, class was more or less conversational.

Susan always began by explaining to students what ChexSystems is and describing the regulations around it. Once an individual is placed on ChexSystems, a flag
is attached to their name for 5 years. She would then sometimes explain that the students are part of “an exception program” (1/16/06). In some classes, she gave a bit of a history about how the credit-counseling agency came to offer this class. She noted that banks were reluctant to participate in this program and that “this is really a second chance program, and if you’re not careful you probably won’t get another chance” (5/3/06). In other classes, she simply moved on to talk about choosing an account without discussing the history of the class. She always made sure to warn students to be careful about what bank account they choose since they’ll only have one chance – once they hand over their certificate, they won’t be able to open another account for 5 years.\(^2\)\(^\,\)\(^4\) In several classes Susan shared with students that when she was working in a bank, managers would regularly review new accounts opened. If a banker opened a bank for someone who was registered with ChexSystems, that banker would be either fired or put on probation. She shared this example to emphasize how seriously banks take the ChexSystems report.

Susan always explained the process by which students will open their new checking account. Susan emphasized the importance of checking accounts by describing the checking account as “your building block to financial stability” (3/24/06), or as the “keystone” to managing your money (5/3/06). Students are sent their certificates one or two days after completing the course. Susan reviewed the materials they needed to bring to the bank in order to open an account. They include a state or federal identification,

\(^2\)\(^4\) It is true that an individual typically cannot open an account for 5 years after their name has been placed on ChexSystems, however, some of the students in the class have been on Chexsystems for several years already. So for those students, they would not have to wait 5 years to open another account since their name would be cleared in whatever remains of the 5 years since their account was closed.

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their class certificate and proof that they have paid off any outstanding debt that caused them to be put on ChexSystems.

Susan explained to the class that the goal is to “choose an account that is right for you” and that it is critical to “put a lot of thought into it and make sure you’re making the right choice.” She stressed in each class that she cannot recommend the best account; instead, students need to look at their needs and practices and choose the account that will work best for them. She offered the same advice for savings, explaining that students need to “look at [their] own personality” to choose your savings account. Looking at your personality and spending habits, “might help you to make a choice about if you want to connect your savings account to your ATM card.” She noted that some students are more likely to use their savings account money if it is connected to their ATM card. Susan always asked the class “do you know what direct deposit is?” She then always recommended getting direct deposit. She explained that direct deposit makes it easier to manage your account and see where your money is going, and because banks like to offer extra services or free services to those individuals who have direct deposit.

After she explained ChexSystems and discussed the importance of a checking account. Susan would move to Chapter Two, “Choosing an account that’s right for you.” She sometimes began by collecting responses from the class about why they want to bank, and other times simply showed students the tool on page 12, “Not Banking – How much does it cost?” She often asked students if they used check cashers and noted that they are expensive. She would show them the tool on page 12 and described it as a way to calculate how much money they could save by opening a bank account. She did not
have students use this worksheet in class; she only referred them to it as a useful way of calculating what they could be saving by banking.

The next topic in the Student Manual is about the “Financial Institution’s Role in the Community.” In all of the classes I observed Susan “gets on her soap box” to address this topic. At this point in the class she shared with the class some version of the following description of the roles of banks and fringe services in a neighborhood: Susan spoke about the importance of banks and having a bank account. She described the Community Reinvestment Act, emphasizing that banks are required to reinvest in the community from which they accept deposits. This means giving loans, mortgages and credit cards to community members and businesses. She explained that Check Cashing Agencies are “bleeding the community of every dime they can get out of them.” Banks serve the role of taking deposits from consumers and lending that money to merchants; without the deposits, they can’t make the loans. As an example scenario, Susan described a neighborhood with an avenue of stores. In this community if individuals stop using the bank and start using check cashers then the bank will close. If the bank closes then stores on the avenue close because they can no longer secure loans. Next thing you know there are boarded up stores, two check cashers and one H & R block. No loans, no community reinvestment, no nothing. She ended by stressing that “people need to understand they need to support their bank” (3/24/06).

This explanation of the role of the alternative and mainstream financial sectors is an explicit plea for students to stop supporting check cashers. This plea is supported by text in the Student Manual. Although Susan finds herself unable to take a stance on helping students choose “which” bank they should use, she has no trouble taking a stance
regarding whether or not they should bank. Beyond her goals for the students in the class (which will be explored in further detail in the next section), Susan has an explicit agenda regarding moving them out of the alternative financial sector. Importantly, this agenda is less about saving money and more about a belief that the alternative financial sector is harmful to a community’s ability to stay viable. It is generally assumed that those without bank accounts operate in the alternative financial sector. Susan feels that she is addressing an audience who is operating in the alternative financial sector, but may not know the larger implications of their actions. As this research suggests, not all these students operate in the alternative financial sector and many of those that do so have determined that doing so is less costly than obtaining the same services from a bank.

Although she doesn’t tell people where to open an account, Susan does give tips like those she gives regarding ATM usage. In many classes she mentions that ATM fees can add up and if students are going to use an ATM, they should figure out which bank’s ATMs are near where they can easily get money. To emphasize the importance of this, she often gives examples of how costly it can be to use an ATM that is not your bank. If the ATM fees are $3, $1.50 from your bank and $1.50 from the ATM’s bank and you get out money 2 times a week, in a given month you could spend $12 on ATM fees. If you get out money every weekday it could be $15 a week or $60 a month.

In each class Susan discussed the types of accounts presented in Chapter Two. She tended to go over the majority of these accounts somewhat quickly, but would take time to describe something in more detail if student questions arose. She frequently talked most about the savings account and the checking account. When she talked about the savings accounts, she took time to encourage people to save. She typically
encouraged students to “start thinking like rich people. Rich people don’t have lazy money.” As she explained, “You worry about your bills, they worry if their money is making money” (3/14/06). She always shared two tools for savings. One is a program that is offered by her agency, a savings club. To join this club, individuals simply need a savings goal. Once they sign up and declare their goal, they are given a card that allows them to open a free or reduced fee savings account at a number of local banks. Students generally seemed interested in this program and were able to sign up for it during the class. Susan also shared with the class about ING Direct. She explained that since this bank is an internet bank, it has very little overhead and therefore offers higher interest rates for savings accounts and CDs. She always pointed out that you can open a CD at ING Direct for $10. In some classes Susan shared a tool, the rule of 72, for calculating how long it will take to double your money at various interest rates, (simply, divide 72 by the interest rate) and offers several examples: money invested at 4% will take 18 years to double, while 8% takes 9 years. As she talked about savings accounts and CDs, she often mentioned the “investment ladder,” which described different investment options depending on your available dollars for investment. As you climb the ladder, you invest more for longer periods of time and interest rates rise, or you invest in riskier options and the interest rates can be higher.

When Susan discussed checking accounts, she always emphasized overdraft protection, and sometimes she said things like, this is “the real meat of the program…you want to prevent losing your account.” She explained in detail the three options for overdraft protection – a savings account, a line of credit, and a credit card—and encouraged students to use a savings account as their first option. Susan explained how
overdraft protection works with each option. When you have your checking account connected to your savings account, she gave the example: you have $95 in your checking account, you write a $100 check, the bank takes $5 from your savings account and charges you $10 at the end of the month as a service charge. She noted that this is a small fee ($10) but the bill gets paid. Susan then explained how a line of credit works. She offered the same scenario, but in the case of overdraft, the line of credit comes out in increments of $100 and they charge you a fee. In one class, a student asked: “so that’s a loan? A line of credit is a loan?” Susan responded that it is. She told students they could use a credit card for overdraft (if that credit card is from your bank). The way that works is that the card charges a cash-advance fee ($10), the cash advance being the money put towards the overdraft charge. That money earns interest. If you use the credit card for retail purchases, there is a lower interest rate than the cash advance (overdraft), and when you pay the card off, the purchases with a lower interest rate are paid first, while the cash advance continues to accrue interest. Susan suggested that if you are using a credit card for overdraft that you make sure not to carry a balance on it. Susan warned the students that some banks offer “bounce protection” and that they should say no to that offer, since it is a moneymaker for the bank.\textsuperscript{25}

After the descriptions of the account, Susan referred students to page 28 and page 29 where a tool is presented that offers a way of evaluating banking options along with

\textsuperscript{25} Susan does not describe the details of “bounce protection” in class. Bounce protection is typically offered as a “courtesy” from the bank. In the case of this service, the bank pays your check, charges you a fee (somewhere between $20-$35) and then a daily fee for each day that your account remains at a negative balance. In addition, the bank reserves the right to rescind this “courtesy” at any time. It is or can be more costly than the overdraft protections Susan suggests and as she notes, “is a money maker for the bank.”
one's banking practices or habits. Susan suggested students use this tool when choosing
their bank. The students did not complete this in class. Susan always suggested that
students get the Rules/Regulations and Price Schedule from banks that would help them
complete this exercise.

Chapter Three, "Managing Your Account," is the final chapter Susan covered for
this class. She described the material as "really basic, really for someone who has never
had an account." On the next few pages, she tended to skip most of it. She asked students
"you know how to do this [fill out a deposit slip], right?" (3/14/06). Or "This is what I
was talking about, this is really basic, does anyone need a refresher on this?" She always
spent time discussing checks with multiple endorsements, warning student that banks will
not honor those checks unless both parties are present at the bank. She also spent time on
how to use the check register and the importance of it for keeping track of one's balance.
She explained that students should use two lines for each entry. She also reminded
students that ATM withdrawals and debit transactions should be entered in the check
register as well. On occasion Susan referred to the bank statement that is presented in the
Student Manual and encouraged students to learn to read their statements by introducing
one new activity at a time. So for their first statement they would just make deposits and
withdrawals. In the second month, they could use their ATM card and see how it
appeared on their statement. Lastly they could introduce debit transactions and see how
they appeared. This way they could learn about how their statement is organized and how
transactions are listed. She also sometimes warned students that on their statements,
ATM fees would be listed within the ATM transaction and to get a total of how much

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they are spending they will need to pull out all the fees and add them up. Susan ended class here and asked students to complete the minimum competency test.

As students completed the test, they brought it to Susan to check it. Susan would go over their calculations and point out mistakes if there were any. Sometimes she asked students to return to their desk to correct the mistakes; other times she would point out small mistakes and correct them with the student at her desk. Students were permitted to use calculators, and some used their cell phones for that purpose. On occasion, a student or two had some trouble keeping track of the balance due to addition or subtraction mistakes. When students were finished the test, the class was over and they left. Students passed the test once they were declared finished by Susan. I never saw anyone fail the test, although I did observe students who were told to make corrections and had to work until their answers were correct. The certificate that they need to open an account would then be sent to them by mail within the next week.

In the case of this classroom, banking is promoted and expected as the norm. Society is assumed to be structured in ways that make things easier and often, although not always, cheaper for those that have mainstream banking relationships. The teacher and the students interact in the classroom in ways that are often structured by their own personal experiences, expectations and goals. The teacher’s history and experience plays a dominant role in dictating the content of this class and the manor in which it is enacted.

Teacher

To capture both the teacher’s beliefs about financial education as well as how the teacher interpreted the larger context of financial education, I conducted a semi-structured interview with Susan who taught the CheckingNOW class. The goal of this
interview was to gain insight into her views on teaching and learning, to understand how
she viewed the purpose of the classes she taught, what she thought the students’ goals
were and how they received the material. Teachers’ beliefs and goals, often in
conjunction with those of students, play an important role in the way that curriculum is
interpreted and enacted (Snyder et al., 1992). Although I had follow-up questions after
my interview, I did not interview Susan again. As I discussed in my methods section, I
felt that although our relationship was cordial, she was not interested in my questions
about her methods or decisions and that a follow-up interview in which I asked about
specific events or choices would not benefit our relationship and my work.

Susan is a middle-aged white woman who has been working at the credit-
counseling agency for 5 years. At the time of the study, Susan was teaching many of the
financial education classes that are offered by her credit-counseling agency. Prior to
coming to the credit-counseling agency, she worked at a bank where she was responsible
for training new tellers. She cites that as her first experience with adult education and
believes this experience gives her credibility when teaching this particular class.

Susan’s goals for the students. The teacher obviously plays an important role in
the learning process, and her decisions regarding the text are important to analyze as they
reflect her attempts to achieve her goals for the students. Susan clearly differentiated
between her goals for the students (record keeping) and the students’ goals for
themselves. As she explained, opening an account is the student’s goal, while Susan’s
“goal is that [students] handle it properly once they get it” (Interview, 12.16.05).

Susan’s comments and teaching priorities suggested that she felt poor record
keeping was the cause of the students’ banking troubles. She did not mention how she
came to this conclusion, but seemed confident about it nonetheless. Thus her goals for students tended to center around record keeping skills. Regarding the content of the course, Susan recognized that it expanded beyond her goals for the students:

I think basically we break it down into two goals, because there’s a lot of information that goes on in these sessions. That’s A to Z on checking accounts and financial products. And really what I’d like them to walk away with is better record keeping... and reconciling their account with their bank statement. I think those are the two critical pieces that people just ignore. (Interview, 12.16.05).

As a teacher, she has a broader agenda for her students’ learning than she assumes the students do for themselves. Although she does not identify this explicitly as a goal of the class, Susan mentioned that in any class she teaches she encourages saving and savings vehicles:

When I talk about checking accounts for example, I really emphasize direct deposit and I really try and emphasize it and automatic transfer to savings if direct deposit to savings isn’t an option. In all of the programs I try and emphasize programmed savings, because I tease them if they fall off the wagon it’s hard to get back. And it is, for anyone really. (Interview, 12.16.05)

Susan’s goals for the students extend beyond a particular practice. She wants students to leave her class with expectations that they will change their actions or habits. She hopes that students’ participation in the class will constitute a change in the way they handle their money. Record keeping, reconciling their account with their statement, and programmed savings are behavioral changes that require ongoing maintenance.

Changing practices: what Susan believes it takes. Susan theorizes that it takes a particular motivation or a goal for a person to change their habits. She stated that without motivation it is often hard to change one’s financial habits: “For some, for whatever reason, they have to want to change. So if they’re committed to something, maybe being a homeowner, something that’s really important to them, I think that’s gonna make them
change.” Susan made a distinction between those students who are mandated to take financial education classes and those who are not. She suspects that those who are mandated to take the class are less likely to change their behaviors than those who opt to take a class on their own accord. In her opinion those who are mandated to take the class are not hearing new information. Instead, “for the majority of people that are mandated into these classes and there’s a percentage of them that have heard this information at some point before or saw it in their family or something and they’re just not responsive to it.” The students are not mandated to enroll in the CheckingNOW class, according to Susan, have a “motivation” to be there – their motivation is often getting a checking account, but in some instances it is, in fact, home ownership.

This distinction Susan makes brings to the surface an important assumption she makes about her role in assisting people in making behavioral changes in their financial practices. According to her, motivation for change has to come from outside the classroom; she is not responsible for motivating people to change. In differentiating between those who are mandated to take her classes and those who are not, she sees her role differently and motivation only is important with those that are in her classes voluntarily. By describing her students as “for some reason not responsive to it,” Susan highlights an important element of her teaching theory – she does not find it important to get to know her students and their lives as best she can in the one session she has with them. This is apparent in the way she enacts her teaching practices and forgoes

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26 Examples of students who are mandated to take classes are men who are delinquent on their child support payments, bankruptcy filers and welfare-to-work participants. Susan teaches money management to those populations and sometimes other courses. Students that sign up for classes on their own take classes about understanding their credit report, budgeting and money management, and identity theft.
opportunities that are embedded in the written curriculum for students to share their opinions and voices.

*Susan’s use of the text as it relates to her goals.* Susan described the written curriculum for the CheckingNOW class as having more goals than she did; her use of the Facilitator and Student Manuals reflects this. When enacting the curriculum, Susan made choices regarding what information from the text and from her experience she felt was important for her students. Simultaneously, she made decisions about what material from the text she deems not important, or not important enough to cover in the class. I argue that Susan’s adaptations, at times, are reasonable and efficient. In other cases, I argue that her choices reflect an opinion about teaching and learning that seem to differ from that of the writers of the text. Recall that Susan teaches a version of this course that is half the length of the suggested course in the Facilitator Manual. Susan reminds the students that all of the PowerPoint slides are in their Student Manual and they can follow along in their text as she teaches the class. In doing so, as an observer, it becomes obvious which slides and which pages Susan pays less attention to and it is an easy way to examine the content that she is skipping and that which she covers.

In the early portion of the class, the facilitator manual instructs the teacher to describe the necessary steps to get a new checking account, including how to contact ChexSystems and how to read a sample ChexSystems report. In all the classes, Susan skipped both of these sections. Given that many students arrive at the class with the ChexSystems report, skipping reflects an adaptation that respects students’ knowledge and their actions. The Facilitator and Student Manuals contain several pages that are dedicated to explaining the process by which checking privileges get reinstated. Susan
reorganized the presentation of that material by presenting it earlier than the manuals recommend and verbally instead of using the diagrams and graphics that are in the Student Manual. Although I do not know why she chose to do this, I suspect it was because she saw this material as part of the "house keeping" details that she presented at the beginning of class and not as part of the content of the course.

Susan's use of the provided text is consistent with her opinions about what students should be learning. Susan moves quickly past the pages in the Student Manual that cover how to apply for an account and how to write checks, recognizing that students who once had checking accounts are likely to have experience in these areas. She tends only to offer tips she finds potentially new. For example, electronic machines now read checks and it is therefore more important than it was several years ago to write numbers clearly. Similarly, she points out identification regulations that have been put in place since 9-11 with which students may not have experience.

She does, however, spend more time covering the pages that explain how to keep your check register and how to reconcile your account. In fact, she makes concrete suggestions regarding how students should learn to use their account statement by starting with only one type of transaction (like deposits) and adding new ones (like ATM use) one month at a time so they can see how such transactions appear on the statement. Her teaching practices are consistent with her goals as she stressed the portions of the class that focus on management, and even added her own additional content.

*Adaptation.* As described, Susan does not always follow the Facilitator's Manual. Susan's alterations of the content, in some cases, reflect a difference of opinion about the role of the teacher (and possibly the role of the class). The Facilitator Manual and the
Student Manual contain two activities: "Why Use a Financial Institution?" and "Choosing an Account," in which the Facilitator Manual suggests that the teacher "facilitate a discussion." For the first of the two activities, the Facilitator Manual suggests recording responses on a flip chart and defines the purpose as "to reinforce students' interest and motivation in obtaining an account and completing the program. It is a way for them to take ownership of their learning, to emphasize their goals and to encourage a positive attitude to their success." Although it is suggested in the Manual, Susan does not initiate discussions that allow student ideas to be shared. It is not that she doesn't allow students to share ideas; rather, she does not start that process and does not see that as her role. Students do not raise questions about these topics because Susan does not focus on them. In doing so, Susan eliminated the opportunity for students to learn from each other about reasons for using a financial institution and how choices about such institutions are made. This may be because she has a clear message about why to use a financial institution, which she delivers from her "soap box," or it may be for other reasons. But having an opportunity for such discussions is clearly the intent of the authors of the text and Susan and the authors differ on this strategy for learning.

Although Susan shares information about banks and banking - often information that is not included in the text - she does not often start discussions about this or other material. Instead she often asks simple yes or no questions. These questions tend to take the tone of assuming that the students are knowledgeable, so when she asks "does everyone know what direct deposit is?" the default answer is typically yes and it is phrased in a way to make students think she thinks they are knowledgeable. Similarly, when it comes time to review how to write checks and such, she asks "you all know this,
right?” or “does anyone need me to go over this?” For all of these questions, if she weren’t asking and was just teaching the material, the assumption would be that students need review or don’t know. By asking a question, she is positioning the students as knowledgeable or, alternatively, her questions are phrased to discourage questioning or even responses, so she does not really learn what students do and do not know. Either way, this style achieves another goal; it allows students to initiate discussion topics. This means they are more likely to be interested in the topics since they raised them and they are more likely to be useful as well.

_Parts of the text Susan does not teach._ Susan’s decisions about which content to present reflect a difference of opinion about what the class should provide. Susan skipped the page entitled “Will I Be Able to Write Checks?” This page addresses repaying debts to merchants and banks, a necessary step before opening a new account. The Facilitator Manual states: “it is helpful to know the service that is used by merchants locally. You will be able to provide phone numbers and describe procedures if students are concerned they may have balances outstanding to merchants.” Susan does not offer this knowledge to her students, which means she is unable to help some students. On more than one occasion, students had questions about particular banks or merchants and situations and how to resolve situations. Had Susan known the relevant policies she could have assisted the student in handling similar situations properly in the future.

Susan also does not teach the section entitled “protecting your identity.” According to the Facilitator Manual, “This topic may generate discussion. Ask Financial institution representatives to address his/her institutions policy if a customer has been a victim of fraud.” Although there are no financial representatives present to answer
questions, Susan is certainly qualified to do so. She notes in her interview that “Recently, we’ve seen an upswing in requests for Identity Theft [workshops], as a matter of fact, I just developed a new workshop for that.” Given that Susan recognizes the recent interest in this topic, has material to present at her disposal, and that the topic is generally deemed to benefit all consumers, it seems peculiar that she would skip this section. One possible explanation is that it is not within the realm of her goals for the class (given its short length).

Susan’s use of the text reflects her own personal beliefs about how to best teach this class. She makes decisions that recognize students’ experiences in ways that the text does not. At the same time, her actions represent a potential disagreement with the teaching tips as suggested in the Facilitator Text; Susan does not engage in teacher led discussions in which student ideas are collected and shared.

In the next section, the students will be introduced and their experiences in the class will be discussed. In this analysis, it will become apparent that students do not mention learning from their peers; instead, all the topics they say they have learned about come directly from Susan.

*Positioning herself:* One important element of Susan’s teaching is that she is a former banker with a lot of banking experience. She often shares information about how banks work and what banks assume customers know. It may or may not be intentional that she does this, but from the interviews, students report that they find her knowledgeable and a good resource. By sharing what could be considered “banker knowledge,” Susan establishes herself as a valuable resource. She shares tips and experiences that she thinks will help students be better off when they are managing their
own accounts. This likely serves to help her establish trust and interest from the class. In addition, it creates a purpose for her role and defines her as someone who connects the class to the bank by way of information that is hard for customers to learn on their own.

The following are some examples in which Susan shares “bankers’ knowledge.” In most of the cases, her decisions to share this information are based on her experience with the kinds of trouble individuals run into when banking.

Susan shares information about banking rules, such as banks are allowed to set their own policies, as long as they are consistent across the branches. Susan always warns students that bank mail is not forwarded to new addresses, because it has too much personal information and could easily be used for identity or other kinds of theft. When students talk about choosing to use a teller or an ATM, Susan often explains that ATMs are much less prone to mistakes. She describes, from her experience in banks, that when you use a teller, you are letting more people handle your money and thus creating more opportunities for mistakes. When you use the ATM, it’s only you that can make a mistake. She shares that she doesn’t trust tellers and that she hasn’t been to one since the early 1990s.

She gives tips on account safety. Susan always warns students about automatic bill payment and that they need to be very careful about what companies they allow to enter their account for automatic debiting. She explains that it can be very difficult to stop companies from going into your account even after you have cancelled the account. She explains that paying bills from your online bank service to the company is much safer than allowing the company to get the money out themselves (automatic debit). This came up in the class in which Laura was a student. Laura expressed concern with automatic
transfers, explaining her bank “let someone ACH her account and threw her into overdraft.”

Susan responded by noting “this [as] a perfect example of banks assuming that customers know about banking.” Susan explains that when you give someone authorization to go into your account, the bank cannot cut them off; you have to put a stop payment on the withdrawal which costs $25 per stop. Susan states “the bank thinks you know this by osmosis or something.” In emphasizing that banks don’t tell you this, she is creating legitimacy for her role and highlighting that she knows about banks.

Assessing Students

Although Susan doesn’t have a concrete way of determining if students have changed their money management behaviors or practices as an outcome of taking her classes, she has some sense of what constitutes major roadblocks to success. We discussed this in our interview:

Val: For the students that you think have the most trouble using what you’re teaching, what do you think are the biggest roadblocks for either implementing what you’re saying or achieving some sense of financial stability?

Susan: I think for the majority of the groups that I work with, it’s culture and peer pressure that prevents them from moving on.

Val: Do they talk about that? How does it come out?

Susan: Um, yeah they do talk about it.

Val: Like what do they say?

Susan: They’re real open with a lot of it. They want, for example, we might be talking about saving for home ownership and how you can build wealth with home ownership and they’ll cut in that that’s not what they’re interested in, they want a fancy car. Which is part of their, the culture, to have nice wheels.

Val: Right,

Susan: Um, and then you’ll see with the group how many of them jump on board with that comment. Um, so there are others that are, no getting around it,

27 ACH is defined as: “Automatic Clearing House. A nationwide electronic funds transfer network which enables participating financial institutions to distribute electronic credit and debit entries to bank accounts and to settle such entries” (Investorwords.com, 2007).
they want to be a home owner, they want to start their own business, but
you have a certain segment that something flashy is more important.
That’s probably where I see it the easiest.

I also spoke with Susan about how she knows if students understand the concepts and
ideas she is teaching. She explained that the best evidence she gets comes from the
questions that the students are asking. In addition, she looks for not just understanding,
but a “commitment to change.” She also asks students to fill out an evaluation at the end
of the class. On this evaluation there is an open-ended question that asks students to
describe, “the one topic you’ll take away and start using right away.” Susan estimated
that about one third of the students she teaches “zero in on one thing” that they want to
try changing. Interestingly, Susan does not refer to the assessment that is given at the end
of class.

The assessment, a minimum competency exam, which asks students to write a
check, balance a register and answer some true/false questions, is not used by her to
determine learning. Susan pays the most attention to the portion of the assessment in
which student balanced their registers. If they made a mistake on this portion, she tended
to send them back to their seats to try it again, or sometimes she’d go through the
mathematics with them. If they had the answer to one of the true/false questions wrong,
she’d point it out and correct it. There were no records kept of students’ performances on
this test; they all passed it (either on their first try or after correcting it). It was therefore
not used as any sort of screening mechanism.

The way Susan enacts the class clearly reflects a set of beliefs about what students
need to succeed with their “second chance.” This belief is situated in her experiences as
both a banker and as a teacher of financial education and her understanding of the
students and their lives. Susan’s use of the curriculum texts reflects her opinion about the importance of particular concepts, ideas and teaching methods, as well as decisions she makes given the time constraints. Susan and the Facilitator Manual agree on the model that students should use to give themselves the best chance for maintaining their relationship with the bank they choose. While Susan and the text differ on how to prepare students to use this model, the model is present and prevalent and worth examining, as it is the process that is expected of the students.

The Decision Model Presented by CheckingNOW

The enacted curriculum and the written curriculum provide a model for how to choose a bank account. The model is outlined on p. 27 of the student manual. The first step of the decision process is to “think about how you would like to use the account.” Students are provided with the following suggestions for how they may use their account:

- To pay bills conveniently
- To save money
- When will you need to access to your money?
- Would you use an ATM?
- Would you visit the branch in person? (Adapted from p. 27)

Once they’ve decided how they’ll use their account, the next step in the process is to obtain the Account Disclosures from banks to learn about how the bank operates and what particular services cost. “A financial institution is required to disclose to you in writing all the policies and practices that impact your account” (p. 27). For this it is recommended that students collect the following pamphlets: fee schedule, funds availability, deposit account rules, and account options. Students can then “compare account disclosures from different institutions before setting up your account” (p. 27).
Lastly, students should compare interest rates if they will be opening an interest bearing account. So the decision model looks like this (Figure 4.1):

![Diagram of decision process]

**Figure 4.1. Decision Process**

It is a simple model in terms of the number of steps, but the actions are complex, requiring analysis of personal habits and behaviors as well as interpreting bank literature and financial texts. When examining how the stages of decision-making are discussed or taught in the class, some limitations become apparent. Stage I of the decision-making is embedded in the section, "How will I use my account?" As noted above, for Susan this activity is not inherently a discussion; instead, she tends to share with students what she thinks they should be considering as important considerations when using an account. To help students think about how they may use their bank account, Susan mentions that students should consider *when* they’ll use their bank, and *how* - if they want teller interaction or to simply use an ATM. To really get a sense of what this decision making process would be like, students need time to think of their own preferences and particularities. By suggesting what is important without creating time for students to
share their own ideas or reflect on their own practice, Susan limits students’ ability to practice this reflection process in her classroom and learn from the ideas of other students.

In stage II of the decision-making process students will collect pamphlets and information from banks and to review their fees and policies. Susan recommends this step to students and describes what the pamphlets will look like. She does not, however, help students learn to read them. Literature on financial matters is notoriously difficult to decipher and often intimidating. Students might be better served if Susan spent class time helping them learn how to read the bank policies and procedures and understand how these policies play out. In fact, several students in the classes I observed lost their account because they did not understand the bank’s fees, which are included in these documents.

With respect to choosing a bank, Susan is very clear that she cannot do that for students in the class. She emphasizes that they must understand their own needs and practices to be able to do so. However, understanding one’s own needs, while personal, is not something that necessarily occurs in isolation. It is not certain, but it stands to reason that students might in fact learn something if given the chance to reflect together on how they intend to use a bank. Additionally, students would be well served by learning to read financial documents. Although Susan can’t choose a bank for the students, she could help them learn how to use the suggested decision-making tool in a more effective manner.

Students

In this section, I examine the data from the interviews with the students. The purpose of these interviews was to learn from the students about their experience in the class as well as about their personal context and history as it pertained to their finances. I
will begin by offering a brief description of the students followed by an examination of the circumstances under which they were referred to ChexSystems. Thinking clearly about how students end up in the class will frame a discussion about the experienced curriculum. Students’ goals as they enter the class and what they reported learning after the class are important elements in determining how they experienced the class. I will conclude this chapter with a discussion of what we know about how students plan to change their practice once they open a checking account and how those changes will position them with respect to the mainstream and alternative financial markets.

I interviewed 9 students from the CheckingNOW class; 8 black women and 1 white male. Their ages ranged from 24 to 55. Many of them had children, some of them were married or had partners, and some of the women had help caring for their children. Table 3 gives an overview of the students (all names are pseudonyms), their demographic characteristics, employment status, if they had opened a new account at the time of the interview, and what happened that got them reported to ChexSystems.
<table>
<thead>
<tr>
<th>Name</th>
<th>New</th>
<th>Race/ Age</th>
<th>Kids</th>
<th>Ethnicity</th>
<th>Employed</th>
<th>Education</th>
<th>Relevant Personal Details</th>
<th>Reason for Referral to ChexSystems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayisha</td>
<td>NO</td>
<td>26</td>
<td>1</td>
<td>Black</td>
<td>Full time in professional school</td>
<td>HS degree</td>
<td>Shares household expenses with her mother, trying to buy a home.</td>
<td>Dispute with bank over whether or not she wrote a check.</td>
</tr>
<tr>
<td>Carol</td>
<td>NO</td>
<td>55-45</td>
<td>4</td>
<td>Black</td>
<td>No</td>
<td>Post HS education</td>
<td>Food Stamps, Public Benefits</td>
<td>Bankruptcy (due to illness)</td>
</tr>
<tr>
<td>Cheryl</td>
<td>YES</td>
<td>52</td>
<td>2</td>
<td>Black</td>
<td>Self-employed</td>
<td>Masters Degree</td>
<td>Married, runs her own business</td>
<td>Did not know fees associated with certain services and over-drafted her account</td>
</tr>
<tr>
<td>Faith</td>
<td>YES</td>
<td>24-35</td>
<td>2</td>
<td>Black</td>
<td>Registered Nurse RN</td>
<td>Has been working as an RN for 11 years</td>
<td>Lives with mother, shares responsibility with fiancé</td>
<td>Mismanagement, owes bank</td>
</tr>
<tr>
<td>Karen</td>
<td>NO</td>
<td>28</td>
<td>2</td>
<td>Black</td>
<td>Full time</td>
<td>Unknown</td>
<td>Child support payments</td>
<td>Account was over-drafted by an automatic debit that had been cancelled</td>
</tr>
<tr>
<td>Laura</td>
<td>NO</td>
<td>37</td>
<td>2</td>
<td>Black</td>
<td>Health Aide Associates Degree</td>
<td>Lives with mother, shares responsibility with fiancé</td>
<td>Switched banks and forgot to switch an automatic debit, account overdrew</td>
<td></td>
</tr>
<tr>
<td>Michael</td>
<td>YES</td>
<td>28</td>
<td>0</td>
<td>White</td>
<td>No</td>
<td>Bachelor’s Degree</td>
<td>Credit card debt</td>
<td>Joint account, husband abused drugs and overdrew account</td>
</tr>
<tr>
<td>Shirley</td>
<td>NO</td>
<td>48</td>
<td>0</td>
<td>Black</td>
<td>Disability Degree Plus</td>
<td>Shares responsibly</td>
<td>Mismanagement, owes $900 (bank allowed her to cash bad checks and then charged her)</td>
<td></td>
</tr>
<tr>
<td>Tereva</td>
<td>NO</td>
<td>24</td>
<td>1</td>
<td>Black</td>
<td>Security Guard</td>
<td>HS degree, In college</td>
<td>Shares responsibly with boyfriend, food stamps and medical assistance</td>
<td></td>
</tr>
</tbody>
</table>

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28 Faith and Carol's age range come from the survey they filled out at the end of class, but I did not ask them their age in their interviews.
In addition, Table 4.4 (see below) shows selected demographic characteristics for the universe of students enrolled in CheckingNow classes between September 2005 and June 2006 gathered from the program’s administrative records. The survey used to collect this data had some questions that were not clearly worded and thus I omitted data from those questions since it did not seem reliable. Table 4.4, coupled with the descriptions of the students in Table 4.3, confirms that the students that volunteered to be part of my research were, while disproportionately female, otherwise representative of the cohorts as a whole. The cohorts were predominately female and African-American. Over fifty percent of the students were between the ages of 25 and 44 and about two-thirds had an annual income less than $40,000. With a picture of who is in the cohorts, it now makes sense to think more about the content that is taught in the classes and how that content is presented.

Table 4.4: Data from all students in CheckingNOW, 9/05 to 6/06 (N = 36)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
<th>Percentage</th>
<th>Race/Ethnicity</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>23</td>
<td>63.9%</td>
<td>African-American</td>
<td>23</td>
<td>63.9%</td>
</tr>
<tr>
<td>Males</td>
<td>9</td>
<td>25.0%</td>
<td>Caucasian</td>
<td>3</td>
<td>8.3%</td>
</tr>
<tr>
<td>No response</td>
<td>4</td>
<td>11.1%</td>
<td>Asian</td>
<td>1</td>
<td>2.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hispanic or Latino</td>
<td>2</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other</td>
<td>3</td>
<td>8.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No Response</td>
<td>4</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Number</th>
<th>Percentage</th>
<th>Adjusted Gross Income</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>4</td>
<td>11.1%</td>
<td>$0 - $20,000</td>
<td>11</td>
<td>30.6%</td>
</tr>
<tr>
<td>25-34</td>
<td>12</td>
<td>33.3%</td>
<td>$21,000 - $30,000</td>
<td>6</td>
<td>16.7%</td>
</tr>
<tr>
<td>35-44</td>
<td>9</td>
<td>25.0%</td>
<td>$31,000 - $40,000</td>
<td>7</td>
<td>19.4%</td>
</tr>
<tr>
<td>45-54</td>
<td>4</td>
<td>11.1%</td>
<td>$41,000 - $75,000</td>
<td>3</td>
<td>8.3%</td>
</tr>
<tr>
<td>55+</td>
<td>3</td>
<td>8.3%</td>
<td>Over $75,000</td>
<td>4</td>
<td>11.1%</td>
</tr>
</tbody>
</table>
How Students Got Into Banking Trouble

Examining how students lost their accounts is a good place to begin thinking about how well the goals of the student, text and teacher are aligned. The reasons stated by those students that I interviewed were representative of those that I heard spoken about in the class over the course of the ten months that I spent observing this program. Some students lost their accounts due to a bank error, because of a serious illness, or due to mismanagement on their part or the part of those with whom they shared an account.

Students fall into one of two categories with respect to responsibility when they talked about losing their accounts: they attribute responsibility to someone/thing outside of their control (i.e. bank/illness) or to something within their control. Faith, Karen, and Michael mismanaged their accounts and take responsibility for it. Ayisha, Shirley and Tereva blame the bank or someone else for their accounts being over drafted. Laura falls somewhere in between, stating that she shares the blame with the bank. Although Laura had cancelled an automatic debit, it continued to debit her account. She tried to handle her problem by talking to the bank and being proactive, but she was not thorough and was therefore unsuccessful. Two students, Carol and Cheryl lost their account due to serious illness, which took precedence over managing their finances.

In the case of students who take full responsibility for their mistakes, their mistakes varied. However, it may be the case that they have already learned from their mistake and they will not repeat it again. For example, Faith said “I didn’t know the fees associated with using different banks to check your balance on the machine and really I could have just called, so really it was an error on my part.” Faith already seems cautious.
about potential fees and fines, so it is likely she will manage her account more carefully in the future. Michael’s mistake was an oversight on his part. He switched banks but forgot to transfer an automatic debit, thus he continued to debit that bill from his old account. Since he had moved, and bank mail is not forwarded, he did not receive notices regarding the negative balance of his account. It can be assumed that next time Michael switches banks he will be much more careful. Karen did not offer much detail, but she explained that she mismanaged her account and now owed the bank money. Both Michael and Karen understand how they mismanaged their accounts and do not anticipate making that mistake again.

In Ayisha’s case, her account was over drafted by a check she claimed she never wrote. She had a series of frustrating conversations with the bank in which she asked them to produce the check or a copy of it and they never did. She was held accountable for the check and could not afford to cover it; she therefore lost her account due to overdraft fees and the balance of that check. Tereva was permitted to cash checks from her daughter’s father. He later canceled the checks and that overdrew her account. She also could not cover the cost and lost her account. She will need to repay that money before she can open a new account. Shirley was married to a drug addict who regularly took money out of the account and overdrafted it. For Tereva and Shirley, the actions of someone else outside their control caused their accounts to be closed, not their own actions.

Regardless of who is to blame, one theme that emerges from these responses is that dealing with banks, regarding their policies or a particular transaction, is difficult and not automatic. In addition, when handling situations relating to a bank, the stakes can be
high; sometimes account privileges are on the line. What is apparent from the list of reasons here is that bank policies are not always explicit. Dealing with banks is not always easy, or quick, and in difficult situations (illness of oneself or a family member) people don’t know what to do with their bank accounts to protect themselves. As we think back over the teachers’ goals and the curricular texts, it becomes obvious that the class is not designed to give students a set of skills that would help them handle most of those challenges differently. Interestingly, students in the class do not state learning such skills as within their goals either. Looking at how the students experienced the curriculum can add insight to what they wanted out of the class, what they learned and how they anticipate their practices changing.

Experienced Curriculum

Educators, those who design curricula as well as those who teach it, make decisions about the presentation of information that, intentionally or unintentionally, reflects a theory of teaching and learning (Clandinin & Connelly, 1992). In this section, I examine the ways in which the students experience the CheckingNOW class and situate that analysis within what we know about the goals of the teacher and the text. I will begin by looking across the stated goals for the class from the students to the teacher to the text. Beyond looking at the goals of the class, I will also examine what students have reported learning. I will then compare that with what happens in the classroom, and examine how the teacher, text, and class work together, or apart.

Goals

Given that the students in this class have had their accounts closed for a range of reasons, it is worth examining students’ goals for the class to understand the extent of
variation in their goals. Their goals may or may not match those stated by the text and the teachers. To analyze what was happening in this class, I have included the goals as stated by the text in this discussion because those that created the curriculum had a specific idea of what students should be learning and how teachers should be teaching.

As stated earlier, Susan distinguishes her goals for the students from the students’ goals for themselves. She assumes that all the students have the same goal and that goal is one-dimensional: to open an account. Susan, on the other hand, would like students to learn the details of maintaining a healthy banking relationship. When we look at the students’ goals, we see that Susan is basically right. All of the students, with the exception of Karen, stated explicitly that they enrolled in the class to get a new account. These examples are representative of the student responses:

Ayisha: I didn’t even know what the class was about. I just knew if I take the class, I’d be able to open an account.

Cheryl: The need to get my checking account. That’s the main reason I went.

Carol: To go open up a new account and learn to manage the little bit I do have so I won’t run into the same problem again with insufficient fund activity.

Five of the students are quite clear that they signed up for the class to be able to open a checking account. Two students, Karen and Laura, learned of this class through their homebuyers program, which requires them to have a checking account to move forward with their home purchases. Karen is the only one who doesn’t mention opening a new account: “I was hoping to learn how to better manage my money and that was basically it.” Instead she states that she wanted to learn skills around money management. Her

29 I interviewed 9 students; however, two students spoke more about what they learned in the class than their goals, so I did not include their responses in this list.

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goals are more congruent with Susan's goals for the students than with the rest of the class, but she is the only one who indicates that.

Recall, the goals as stated in the Facilitator Manual are identified as the following "learning objectives:"

Students will:
✓ Know the requirements to open an account.
✓ Understand the basic features of demand deposit accounts
✓ Identify what they want and need in an account
✓ How to manage a checking account; writing checks, using a check register, and balancing with an account statement from their financial institution.
✓ Avoid common mistakes in account management. (p. 1 & 9)

Recalling that the text is written by a coalition of bankers, non-profits and government agencies, it is not surprising that the goals are primarily about being an informed customer and managing an account well. Banks need to be convinced that students of this course will not become a liability to them again.

The goals as stated in the text and those of Susan are far broader than the students' goals. Beyond opening an account, the teacher and the text have an added mission of helping students maintain their accounts in good standing once they open them. For Susan and for the designers of the Facilitator Manual, maintaining one's account is a multi-step process that begins before one even opens the new account. Keeping one's accounts means choosing an account wisely (understanding one's personal preferences and options and the best match between those) and understanding how to manage an account (keeping track of what is in your account at all times). Another quite explicit goal, visible in the Facilitator Manual, the Student Manual and Susan's interview, is to convince students to stop operating in the alternative financial sector. Students are given a lengthy explanation of how their actions in the alternative sector have negative
effects on their own community and are urged to calculate the amount they are spending on these services as an incentive to change their practices.

When a teacher has goals that vary significantly from her students’ goals, her job may become a bit harder. Students enter the classroom with one idea of what they want out of the class and the teacher has a different set of goals. In the case of this class, I examined what students reported learning in this class to get a better sense of how Susan was able to accomplish her goals.

Students Reactions to the Class

What was most apparent from discussions with the students about the class was that they felt Susan created a comfortable atmosphere. The overwhelming message was that students felt like the small class size gave them a feeling of individual attention as well as an opportunity to ask their own questions and have them answered. These students’ comments reflect this:

Carol: I had an opportunity to speak and not get lost in the midst of everything else and it was pretty good. You know I’m not a big crowded person. I like if it’s much more personal because there wasn’t as many people. Our questions were being asked as opposed to being talked over. So it was good, it was good for me; I really enjoy that kind of setting as opposed to a lecture kind of setting.

Cheryl: As a student I felt that we got individual attention when we needed it.

Laura: I kept jumping right in with Susan, because it looks like when she mentioned certain things, it almost just like touched on my own personal scenario that I had endured with the bank.

As Faith put it, she was “comfortable asking almost anything,” found the instructor to be “friendly” and felt that she “gave accurate responses.”

Identifying what the students reported learning in the classroom serves as a good
starting point to think about how the goals of the students, teacher and text aligned. In the survey given to all the cohorts at the end of the class, they were asked to describe the most important thing they learned. To get a perspective on how the students I interviewed fit in with the larger student body, I began by analyzing the responses on the survey given to all cohorts. The responses fit into seven categories: using the check register, shopping around for a bank, banking products, procedures and information, the importance of banking, Annual Percentage Yield (APY) and other tips, over drafting and overdraft protection and money management. Students mentioned multiple important things they learned and thus their responses may fall into more than one category and the total in some categories in Table 4.5 exceeds 100%. Table 4.6 offers examples for each of the categories revealed on the students' evaluations.

Table 4.5: What students learned in the Class (N = 29)³¹

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking products, procedures and information</td>
<td>41.4%</td>
</tr>
<tr>
<td>Using the check register</td>
<td>37.9%</td>
</tr>
<tr>
<td>Money management</td>
<td>20.7%</td>
</tr>
<tr>
<td>Shopping around for a bank</td>
<td>10.3%</td>
</tr>
<tr>
<td>APY and other tips</td>
<td>10.3%</td>
</tr>
<tr>
<td>Over drafting and overdraft protection</td>
<td>10.3%</td>
</tr>
<tr>
<td>The importance of banking</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

³⁰ I have only reported what students learned for 6 of the 9 students since 3 of the students were in a class I substitute taught. I felt that the data from those interviews would not fit in this discussion.

³¹ I did not include those 7 students who were in the class I taught. So the sample size for this data is 29 students.
Table 4.6: Examples of Student Response for Each Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking products, procedures and information</td>
<td>“Process for cashing a draft, special endorsements of checks, procedures for funds availability”</td>
</tr>
<tr>
<td>Using the check register</td>
<td>“Importance of documenting your transactions (checkbook register)”</td>
</tr>
<tr>
<td>Money management</td>
<td>“Read your bank statements, not to overdraw”</td>
</tr>
<tr>
<td>Shopping around for a bank</td>
<td>“Shop” for the bank that fits my needs”</td>
</tr>
<tr>
<td>APY and other tips</td>
<td>“The meaning of APY or Annual Percentage Yield”</td>
</tr>
<tr>
<td>Over drafting and overdraft protection</td>
<td>“How overdrafting works”</td>
</tr>
<tr>
<td>The importance of banking</td>
<td>“How much I need a checking account”</td>
</tr>
</tbody>
</table>

The larger survey, given to all cohorts, indicates that students most frequently learned about banking policies, procedure and information as well as using the check register and money management. These responses fall squarely within Susan’s goals for the students: “really what I’d like them to walk away with is better record keeping... and reconciling their account with their bank statement. I think those are the two critical pieces that people just ignore.” The students I interviewed tended to respond in further detail about what they learned. They were careful to point out that the information in the class was not new to them. But at the same time, they emphasized that it tended to be useful and relevant, and in some cases a good “refresher.” These examples are reflective of the responses of all the students I interviewed:

Karen: Basically everything that she went over I already knew, except for about the um, the, I think it’s called the APY Annual Percentage Yield and the rate, how to look for good rates and all so you won’t be charged, so you
know, your money can grow while it’s in your account.

Laura: She did cover a lot of principles, it kind of like reiterated several things for me, because I've actually, I was actually familiar with a lot of things as far as how to balance the checkbook and things of that nature, and I figured that that’s what they were going to go over...There were a lot of things reiterated within the class, that I've already learned and already actually came into contact with, but um, you know there's nothing like repetition, sometimes it awakens the senses that are already there. Sometimes they get a little dulled and need to be awakened...I learned now that I can allow someone access to my account but then yet I can control it at the same time. So that is in both parties interest...As opposed to them just gaining access and then they’re in control.

Carol: Well I learned how to write checks, and balance my transactions and um, learned not to overspend what I don’t have, um, I think that’s about it...I learned about CDs, certificates, I have more knowledge than I had before because I thought it was something totally different...So it was pretty much a lot of good insight about different avenues for saving and securing money and making it work for you in the long haul as opposed to right now, so it was pretty good information.

The student responses, from my interviews, regarding what they learned in the class fit nicely into the categories that were identified in the larger survey (see Table 4.7 for larger survey categories):

Table 4.7: What the students interviewed learned in the class (N = 6)

<table>
<thead>
<tr>
<th>Category</th>
<th># of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking products, procedures and information</td>
<td>4</td>
</tr>
<tr>
<td>Using the check register</td>
<td>3</td>
</tr>
<tr>
<td>APY and other tips</td>
<td>3</td>
</tr>
<tr>
<td>Over drafting and overdraft protection</td>
<td>1</td>
</tr>
<tr>
<td>The importance of banking</td>
<td>1</td>
</tr>
<tr>
<td>Money management</td>
<td>1</td>
</tr>
<tr>
<td>Shopping around for a bank</td>
<td>0</td>
</tr>
</tbody>
</table>
Beyond comparing their responses to all the cohorts, the interviews revealed a bit more detail about what students learning. Since the interviews were conducted after the class (a few days to a month), this information is likely to offer more insight into what students retained from the class and are likely to use in the future financial encounters. As mentioned above, in their responses, students were careful to point out that the information they were presented with in this class, for the most part, was not new. Carol and Cheryl were the only two students who didn’t feel it was important to mention that the material in this class was material they had already seen.

Susan wanted students to walk away with better record keeping, an ability to reconcile their statements with their register and some ideas about programmed savings. Of the seven categories in which students’ reported learning, students certainly focused on better record keeping (using the register).

Three of the seven students mentioned that they were reminded of or learned about the importance of using the check register. This skill falls within one of the learning objectives identified in the Facilitator Manual “how to manage a checking account; writing checks, using a check register, and balancing with an account statement” as well as Susan’s goals for the students. A fourth student, Michael, indicated that maintaining one’s register was quite difficult, but that “your financial health can be seriously impacted by your credit rating, and all that stuff. So, you know, so I guess I am diligent about other things, and it’s important to be diligent about.” Although he had recently opened an account at the time of the interview, he had not started using the register and anticipated doing much of his banking online.
There was also a large focus on banking procedures, policies and information, some of which fall within knowledge about savings options. It is interesting, and perhaps not surprising, that students reported this being the most common thing that they learned since, as was noted earlier, Susan’s position of herself as a former banker may make the presentation of this information particularly trustworthy and important. In examining these responses, it is important to look at what students reported learning not only in relationship to the stated goals of the student, teacher and text, but also through the lens of how they lost their account. Several of the students lost their account due to lack of understanding about or oversight of bank policies.

Laura mentioned that during the class she learned how to safely deal with automatic withdrawals and granting access to her account for other companies. Laura lost her account due to an automatic overdraft that she had cancelled but the company continued to withdraw funds from her account. In this case, the class gave her a piece of information that would prevent her from losing her account in the same way she lost it the last time.

Michael mentioned learning about overdraft protection and the inability to float checks, both of which will work towards his successful management of his account. It is important to note, however, that although he emphasized the desire for and importance of overdraft protection, he opened a new account and did not get overdraft protection. Instead he opened an account with a minimum balance of $100 with the thought that this cushion would be enough to cover him if that was enough to cover a bounced check. Recalling that he ended up without a local account because he switched banks without closing his account and forgot to transfer an automatic debit, bouncing checks was not his
primary concern, so these protections may work for him. However, it is also interesting that he wanted overdraft protection, but wanted the particular bank he chose more. He did not mention investigating other options or reading other banks’ materials to see if he could get what he wanted at another bank.

Lastly, one of the older students, Cheryl mentioned learning more about ATMs; she had never used one and although she did not plan on using them, she felt less nervous about them than she did before taking the class. Her account was closed due to major illness, so this new information will help her generally, but not specifically in respect to maintaining her account in good standing.

Three of the students mentioned learning about the APY, the annual percentage rate. In many classes, Susan tells students about the difference between annual percentage yield and annual percentage rate when looking at interest rates advertised by banks. She points out to students that the yield is more accurate than the rate because banks are permitted to round the rate. She often draws a table like this on the chart paper:

<table>
<thead>
<tr>
<th>Rate (APR)</th>
<th>Yield (APY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>5.25% (daily)</td>
</tr>
<tr>
<td>5%</td>
<td>5.125% (monthly)</td>
</tr>
<tr>
<td>5%</td>
<td>5.00% (yearly)</td>
</tr>
<tr>
<td>5%</td>
<td>4.75% (service fee)</td>
</tr>
</tbody>
</table>

She explains that all banks will list 5% as the APR, but these rates are actually different because of the compounding time frames. Understanding this difference is a useful tool for one’s investments, but it is not, per se, a savings strategy. That is not to say that this information is not helpful in making savings investment decisions, but it does not help students find ways to save within their budget and create a safety net of savings. In
addition, savings strategies do not directly address students’ reasons why they lost their accounts.

All students indicate that they learned something in the class – both in the after class survey as well as in the interview. And that what they indicated they learned is something that will help them make a financial decision as they move forward. One question we are left with is whether or not what they learned will actually help them maintain their good standing as a checking account holder.

*How Does What Students Learned Fit Into the Model?*

Another perspective from which to examine what students learned is to think about how well what they are learning fits with the model of how they should be making decisions about their future banking. Recall that there are three stages of the decision making process:

- Stage I: How Will I use My Account;
- Stage II: Collecting & Interpreting Bank Information (rates, fees, etc.); and
- Stage III: Choosing (and Using) a Bank

Does what students report learning equip them to engage in this process? Looking over the categories that students reported learning, we can classify them by stage (see Table 4.8):

<table>
<thead>
<tr>
<th>Category</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The importance of banking</td>
<td>I</td>
</tr>
<tr>
<td>Money management</td>
<td>I</td>
</tr>
<tr>
<td>Banking products, procedures and information</td>
<td>II</td>
</tr>
<tr>
<td>Shopping around for a bank</td>
<td>II</td>
</tr>
<tr>
<td>APY and other tips</td>
<td>II</td>
</tr>
</tbody>
</table>
Notably, students report learning about things that fall into each of the 3 stages. With respect to Stage I, students indicated the importance of banking and of money management. Some students stated banking was a privilege, while others were opening account to facilitate the purchasing of a new home.

Students report learning the most about Stage II, the highest percentage of responses in both the survey and the interviews was for banking policies and procedures. Importantly, while a small number of individuals responded that they learned to shop around for a bank, few of the responses that fell within the banking policies and procedures category reflected the processes of interpreting bank information to help them make a decision. No one indicated that they had collected or received any bank literature that helped them think about a bank’s policies and procedures.

Students also indicated that they learned about the importance of using the check register; this was the second highest response in both the survey and the interview and the only response that fell into Stage III. While students indicated that they recognized the importance of the check register, of those students I interviewed who had opened an account, none of them had started using the register.

Looking at the alignment between what students learned and the model for change that is presented in the text gives us some insight into student learning and how that learning will affect their behavior. However, it doesn’t offer a lot of information about what students are actually doing and how they plan to use their bank accounts. To get a
better sense of students' financial behaviors, I examined their location in the financial market before and after they have a checking account.

**Alternative and Mainstream Financial Sectors**

The last area of student practices to analyze is how students actually anticipate changing their practices. Recall from the conceptual model that one of the goals of many financial education programs is to move individuals from the alternative financial sector to the mainstream financial sector. This class is no exception, and Susan is particularly clear with the students about her agenda regarding that move.

The Facilitator Manual states in its introduction that:

> Individuals [sic] that may have not had an account for a while are often not familiar with the various financial products and services available. “Choosing an Account that is Right for You” acquaints students with the features and advantages of various types of accounts and the opportunity to meet and interact with financial representatives in an informal manner. (p. 1)

This statement highlights two assumptions that are worth analyzing. First, it is clear that the writers of this program assume that students without the privileges to open a checking account now have been without their account for some years. More explicitly, the statement assumes that they must be operating in the alternative financial sector and not in the mainstream financial sector. The statement also reflects an assumption that these students currently have no accounts or banking relationships at all. Lastly, the text assumes that “meet[ing] and interact[ing] with financial representatives in an informal manner” would benefit the students in this program.

From the interviews with the students, it became clear that many students, while on ChexSystems, were able to maintain a mainstream banking relationship in either a formal or an informal way. They showed that the assumption that students are operating
without any mainstream banking contact is not valid. Six of the nine students had a mainstream banking relationship or access to a mainstream banking relationship. Two students actually had their own accounts (checking and saving) and two other students cash their paychecks at the issuing bank for free. One woman used her husband’s credit or debit card when she needed to purchase items online and another woman had a debit card that was loaded with her child support payments. A debit card allows individuals to interact in ways that are almost identical to having a bank account – making point-of-sale purchases and paying bills on the telephone or online. Table 4.9 displays the students I interviewed and their mainstream and alternative sector activities at the time of the interview:

Table 4.9: Students Financial Practices While on ChexSystems

<table>
<thead>
<tr>
<th>Name</th>
<th>Mainstream Sector Activities</th>
<th>Alternative Sector Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayisha</td>
<td>CCO to cash checks and buy money orders</td>
<td></td>
</tr>
<tr>
<td>Carol</td>
<td>Uses money orders and bill payment service</td>
<td></td>
</tr>
<tr>
<td>Cheryl</td>
<td>Uses husbands account for online purchases</td>
<td></td>
</tr>
<tr>
<td>Faith</td>
<td>Savings account, direct deposit</td>
<td>Money orders, MoneyGrams, western union</td>
</tr>
<tr>
<td>Karen</td>
<td>Debit card, cashes checks at issuing bank, phone service to pay bills with debit card</td>
<td>Bill payment service</td>
</tr>
<tr>
<td>Laura</td>
<td>Cashes checks at issuing bank</td>
<td>Uses money orders to pay bills</td>
</tr>
<tr>
<td>Michael</td>
<td>Account in another state, uses ATM to get cash, debit card for purchases</td>
<td></td>
</tr>
</tbody>
</table>

32 Although I do not have concrete data on all 36 students I observed in the CheckingNOW class, I do have evidence that some of the students in the class that I did not interview were also able to maintain banking relationships. For example, one man had his brother open a savings account and gave him the ATM card. The man would then deposit his paychecks in the account (where you need no ID) and withdraw them at the ATM (where you need no ID). In this way he maintained a mainstream financial relationship in his brother’s name successfully.
Table 4.10 illustrates how students indicated they would change their behaviors once they open their checking account:

**Table 4.10: Students Financial Practices with a Checking Account**

<table>
<thead>
<tr>
<th>Name</th>
<th>Mainstream Sector Activities</th>
<th>Alternative Sector Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayisha</td>
<td>Deposit checks in account</td>
<td>Money orders to pay bills</td>
</tr>
<tr>
<td>Carol</td>
<td>Write checks to pay bills</td>
<td></td>
</tr>
<tr>
<td>Cheryl</td>
<td>Use her account for purchases</td>
<td></td>
</tr>
<tr>
<td>Faith</td>
<td>Savings account, direct deposit, write checks to pay bills</td>
<td></td>
</tr>
<tr>
<td>Karen</td>
<td>Debit card, deposit checks and keep less cash on hand</td>
<td>Bill payment service</td>
</tr>
<tr>
<td>Laura</td>
<td>Deposit checks, write checks to pay bills, possibly try online banking</td>
<td></td>
</tr>
<tr>
<td>Michael</td>
<td>Local ATM, online banking</td>
<td></td>
</tr>
<tr>
<td>Shirley</td>
<td>Credit union, uses credit unions phone service to pay bills for free, Use ATM card from new account in multiple states</td>
<td>Money orders</td>
</tr>
<tr>
<td>Tereva</td>
<td>Direct Deposit</td>
<td></td>
</tr>
</tbody>
</table>

Not all students anticipated moving entirely to the mainstream financial sector, but all of them indicated an anticipated change in their behavior that would result in use of the mainstream financial sector. Multiple students anticipated that not using a check-casher to cash their checks would leave them with less cash on hand which they hoped would help them save their money rather than spending it simply because it is there. Several students indicated that they had no intentions of writing checks to pay their bills; they would continue to purchase low cost or free money orders. For example, Ayisha felt that paying her bills at the same time she cashes her checks allows her to make sure the money goes “to the right place,” so she wants to continue to use money.
orders to pay her bills. Were she to write a check, the money would remain in her account until the check was cashed and she would be at risk of spending it on other things and then bouncing a check. The money orders Ayisha uses are free, so this choice protects her account balance and costs her nothing. When she had her checking account before she lost it, Tereva never wrote checks, and when I asked her if she intended to write checks with her account she explained, “that’s just not something I [do].” The money orders she uses cost $0.25 apiece; she estimated that she spends about $1 a month on money orders.

Analyzing this set of students sheds some light on the practices of the underbanked. It is often assumed that underbanked individuals, those that could benefit financially from a banking relationship, are paying too much for alternative financial services. As Michael Barr (2004) explains, the underbanked are a “broader population of low- to middle-income families[who] have bank accounts but still rely on high-cost non-bank providers to conduct much of their financial business” (p. 1). However, students in this class demonstrate that some of the underbanked individuals have cost efficient ways of managing their finances and are aware that based on their personal habits or preferences, they may not benefit financially from having an exclusively mainstream sector financial situation.

*What’s Missing from the Class as it is enacted?*

There are three topics that are left out of the curriculum that seem worth noting. No financial representatives are present at the class to talk with the students, by choice of the credit-counseling agency. The Facilitator Manual also has an added goal, which is not listed in the “learning objectives,” that is to help students learn to communicate with financial institutions and representatives. The assumption that students will benefit from
informal interactions with financial representative is apparent in the Facilitator Manual. Three students lost their bank accounts due to an incident for which they blame the bank or someone else. Recall, Tereva cashed checks that were later cancelled by the person who wrote them, Shirley’s husband was a drug addict and regularly overdrew her account, and Ayisha’s bank debited her account for a check she claimed she never wrote and the bank would not produce a copy of the check for her. And Laura, who took part of the blame and in part blamed the bank, had trouble dealing with the bank successfully when a cancelled automatic payment continued to be debited from her account. In each of these instances, to resolve the issue, an individual would likely need to talk to bank representatives. So while it does not seem particularly valid, based on what I have seen in the classroom, to assume that students will be angry, it may be valid to assume that having practice interacting with financial representatives would be useful.

Secondly, there is no attention paid to online banking in the text and minimal mention of it by Susan as she taught the class. Although it is hard to estimate exact figures, increasing numbers of individuals are using online banking services and bill payment options. Susan mentions the safest manner in which electronic bill payment should take place, but there are no efforts in place to teach the students in this class to manage their accounts online – neither examples in the text nor demonstrations in the classroom. In the same vein, only one system for keeping track of one’s account, the check register, is presented. It is often the case that individuals with internet access use their online account as a way of checking their statements and managing their accounts. As will be seen in the next chapter, individuals use other resources to track their income and expenditures, including calendars and notebooks. These systems are valid and useful.
and it is likely that students in the class could benefit from learning about other ways to track their spending.

Thirdly, there is no discussion in any class I attended or any materials I read about what students should do if they think they might be at risk of losing their account again. This program recognizes that a second chance at banking is necessary and these students are seen as risky customers by the banks. It seems that a valuable tool to offer, in addition to how to manage their account, would be advice on how to handle a situation in which their money situation got worse, if they get sick, or if they owe the bank money, in a way that would allow them to maintain their banking privileges. While the text and the teachers have strong suggestions for the correct process for choosing an account, they do not give similar consideration to helping students if they get into trouble with their accounts.

Discussion

The analysis of the text, teacher and students has provided a useful lens for examining teaching and learning, goals and expectations, and the variation in students' financial practices. In addition, the brief examination of the reasons students were in this class sheds some light on the difficulty of designing a curriculum that will address the unique needs of all the students in a single class.

Susan positions herself as an important player in the banking arena with a lot of useful knowledge and as someone who wants to share that knowledge. Susan adapts the curriculum as she sees fit and in doing so recognizes students' existing knowledge but eliminates many opportunities for students to interact with each other. When students talked about what they learned, many of them felt the information in this class was not
new, but this did not mean they felt that it was not important. Students felt it was helpful to hear the ideas and content reiterated.

One thing we can learn from this setting is that there is significant variation between the goals of the teacher and those of the students. From students' responses, it is also clear that they do not mind hearing materials that extend beyond their purpose. Importantly, Susan has no real way of knowing if she has achieved her goals for the students. One reason for this may be that she does not engage them in conversations in which she could learn more about their lives and practices. A second reason may be that the assessment she uses does not offer her much evidence regarding competency surrounding her goals for the students.

As we think about financial education and the manner in which we structure its presentation, it might make sense to be aware of the fact that many participants in such programs may not be there to learn something they consider new. They may not be averse to hearing reminders or getting help reframing their thinking about money and management. This does not, however, suggest that they are going to change their behaviors in ways they did not anticipate doing before they came into the class. Coming into this class, many students had a good sense, of why they wanted a bank account and how having one would change their financial practices. The presentation in this class confirmed or supported their reasoning and getting credit for the class allowed them to proceed.
Chapter V: Welfare-to-Work Participants

The second site where I conducted my research was a welfare-to-work agency. This agency was designed to help participants train for and obtain jobs, particularly as they came to the end of their five-year time limit on receipt of cash assistance. Participants began with a two-week orientation and training during which they worked on their resume, interviewing skills and other job readiness and retention related skills. I conducted classroom observations and focus-group interviews with participants during their first two weeks in the program. Financial education at the welfare-to-work site was different from the credit-counseling agency in a number of ways. At the welfare-to-work site, the financial education lesson I observed was a piece of the initial two-week program for participants. It consisted of a budgeting lesson designed to teach the participants how to manage and track their money. There was no formal written curriculum for this lesson, thus the teacher did not have a written lesson plan or concrete materials to share with me.

In order to consider the messages about money that were embedded in the budgeting lesson and think more broadly about these messages in the context of the participants lives, I analyzed the classroom data and the focus group interviews. I began with the interview with Mr. Green and considered his comments and goals for his students in light of the classroom observations. This analysis lays the groundwork for considering how the lesson he taught and the tool he suggested would fit into student lives. In the second half of the chapter, I present the themes that emerged across the focus group data about money management and other available resources. These data speak
directly to budgeting, but they also offer insights on aspects of money management that extend beyond the standard budget, including savings strategies, informal assets and other networks or systems that can offer assistance when individuals needed more money. I conclude by addressing the alignment between the budgeting lesson presented by Mr. Green and the participants’ lives, knowledge and realities.

Welfare Laws & Guidelines

The Welfare-to-Work program in which I conducted my research was designed to assist low-income individuals by providing job training and placement support for those individuals. While many of these individuals were receiving more than Pennsylvania TANF and Food Stamps, both of those programs have income and asset guidelines that determined and affected each individual’s benefit amounts. Having such guidelines has an effect on incentives to save and savings strategies, and money management in general (Parrish, 2005). An outline may help to give a sense of the asset and income guidelines. Additionally, it is important to keep in mind that the application rules and benefit rules are often more complicated than these tables suggest.

According to the Pennsylvania Department of Public Welfare,

Income is money from employment or from other sources including, but not limited to, support, unemployment compensation, interest, Social Security benefits, or lottery winnings. ALL income must be reported to the county assistance office. The county assistance office applies state rules to determine how much of the total income must be counted. There are deductions from some income so the entire amount of income may not be counted. (PA Department of Public Welfare, March 14, 2007)

There are not gross income guidelines in Pennsylvania that determine TANF eligibility. Instead, the state determines benefits by calculating the “difference between countable income (income after specified deductions) and the maximum benefit. If countable
income exceeds the maximum benefit, the family is not eligible for assistance.” In 2007, state calculated countable income using the following definition.

Countable income equals gross monthly income less these deductions in the following order:
- Child support income up to $50
- 50% of earnings
- Deduction for out-of-pocket childcare expenses if family works full-time: up to $200 per month for children age 2 and under, and up to $175 per month for children over age 2. For families working part-time, the maximum deduction for children age 2 and older is $150.

(State Policy and Documentation Project, 2005)

Aside from meeting the income requirements there are other eligibility tests. Applicants must be US Citizens (or recognized permanent residents), be Pennsylvania residents, have a valid social security number, seeking employment or in training for employment, and sign an “Agreement of Mutual Responsibility (AMR). “The AMR is a written plan of action agreed to and signed by the recipient and the Department, which describes what the recipient will do to work toward self-sufficiency.” If the applicant has a child, the applicant must participate in all efforts to collect child support for that child (Pennsylvania Department Of Public Welfare, 2007a). This table represents the maximum amount of cash assistance families are given if they meet the requirements (see Table 5.1):

### Table 5.1: Cash Assistance Guidelines for 2001

<table>
<thead>
<tr>
<th>Number of Persons in Budget Group</th>
<th>Cash Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$205</td>
</tr>
<tr>
<td>2</td>
<td>$316</td>
</tr>
<tr>
<td>3</td>
<td>$403</td>
</tr>
<tr>
<td>4</td>
<td>$497</td>
</tr>
<tr>
<td>5</td>
<td>$589</td>
</tr>
</tbody>
</table>

Families receiving cash assistance in Pennsylvania may not exceed $1000 in resources, which are considered to be “things with cash value such as, but not limited to, bank accounts, bonds, or property that is not the primary residence” (Pennsylvania Department Of Public Welfare, 2007a). For families in Pennsylvania the value of one car is excluded from the determination of resources.\(^{34}\)

The requirements to receive food stamps differ slightly. To be eligible for food stamps the income guidelines are more explicit. A household must fall within the following range (see Table 5.2):

Table 5.2: Food Stamp Eligibility Guidelines for 2007\(^{35}\)

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Maximum Gross Monthly Income</th>
<th>Maximum Net Monthly Income</th>
<th>Maximum Monthly Food Stamp Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,037</td>
<td>$798</td>
<td>$152</td>
</tr>
<tr>
<td>2</td>
<td>1,390</td>
<td>1,070</td>
<td>278</td>
</tr>
<tr>
<td>3</td>
<td>1,744</td>
<td>1,341</td>
<td>399</td>
</tr>
<tr>
<td>4</td>
<td>2,097</td>
<td>1,613</td>
<td>506</td>
</tr>
<tr>
<td>5</td>
<td>2,450</td>
<td>1,885</td>
<td>601</td>
</tr>
<tr>
<td>6</td>
<td>2,803</td>
<td>2,156</td>
<td>722</td>
</tr>
<tr>
<td>7</td>
<td>3,156</td>
<td>2,428</td>
<td>798</td>
</tr>
<tr>
<td>8</td>
<td>3,509</td>
<td>2,700</td>
<td>912</td>
</tr>
<tr>
<td>9</td>
<td>3,863</td>
<td>2,972</td>
<td>1,026</td>
</tr>
<tr>
<td>10</td>
<td>4,217</td>
<td>3,244</td>
<td>1,140</td>
</tr>
<tr>
<td>Each additional member</td>
<td>+354</td>
<td>+272</td>
<td>+114</td>
</tr>
</tbody>
</table>

Income included in the calculations are: “earned income such as wages and salaries, and unearned income such as public assistance payments, Supplemental Security Income

\(^{34}\) There are exceptions to this rule, for example if a car exceeds a certain value, then the difference is counted as an asset.

(SSI), Unemployment Compensation (UC), retirement benefits, disability benefits and pensions.” In Pennsylvania, the asset limits for food stamps are higher than they are for TANF cash assistance. Families are permitted to have $2000\textsuperscript{36} in resources, which “include cash, checking and savings accounts, lump sum payments, unrestricted trusts, stocks, bonds and IRAs.” To qualify for food stamps, each member of a household must have a social security number, reside in Pennsylvania, and must be a United States citizen or adhere to certain guidelines for immigrant non-citizens.

Financial Education in the Welfare to Work Program

The budgeting lesson taught in the welfare-to-work setting is overly simplified given the realities of budgeting and money management that were revealed in the focus group interviews. In order to compare the lessons to the participants’ life experiences, I first describe the elements of the lesson. I begin by introducing Mr. Green, the teacher of budgeting lesson at the welfare-to-work agency. I offer a description of his background and his thoughts on his students and this lesson. I highlight his goals for his students given the knowledge he feels his students already have. The budgeting lesson is centered on the use of a particular budgeting tool and I describe both the lesson and that tool in detail. I conclude this section by describing the model for financial management that is implied by Mr. Green’s enactment of this lesson.

Teacher

Mr. Green, the welfare-to-work instructor I observed, was a personal trainer before he began this job. He was working in that capacity when a friend approached him

\textsuperscript{36} This limit is increased to $3000 if a member of the household is 60 or more years old or if a member of the household is disabled.
with an opportunity to work in human development. At the time of the interview, he had been working in human development for 8 years and he had worked at this particular welfare-to-work center for 2 years. As he described, when he began working in human services, “It just took off from there. I found a niche that I did not know I had...It’s something I love to do. It’s a heartfelt kind of work for me.”

Mr. Green was one of several facilitators who taught the two-week orientation component of the welfare-to-work program. Mr. Green explained his role to me in the interview I conducted with him:

The drill sergeant I should say, I have to get them in shape. I strip them of all the foolishness that they may think they need and let them know some of the things they definitely need to be successful here. What I found out, a lot of people have misconceptions when they come to the program, they think it’s school, per se, but I try to tell them I can’t help them receive a job, you already know how to do that, you’ve done that before. My job is to keep you in a job or make you more successful in your job. (9/12/06)

Mr. Green’s goals for his students were varied and broad; he wanted students to be in a position to get jobs and keep them. In addition, he wanted them to think deliberately about their money and where it was being spent, since this would be particularly important once they are employed. He mentioned some potential roadblocks to success and described these roadblocks as both practical and personality driven. He felt that he could only offer support to his students up to a certain point, and some of their roadblocks were out of his sphere of influence. He strived to create a safe atmosphere in his classroom where participants felt comfortable talking about their lives and realities and hoped that this helped them move toward being able to obtain and maintain a job.

Mr. Green focused on dress. From his perspective, “because dressing for success doesn’t always mean wearing a suit and tie, it means looking the part for whatever you
are about to be involved in.” During the 2 weeks, he discussed timeliness, absenteeism, attitude and conflict resolution. He categorized all those items under professional development.

With respect to budgeting, Mr. Green explained that:

Budgeting plays a major role because they receive only a certain amount of income from the welfare department. They usually waste money on things they really don’t need. So I try to show them where the money is being spent, how they can save money, and what they can do once they receive employment and how important it is to do so.

Recognizing that the financial situation of the students in his class was tough and that they have little money coming in, he was concerned with how the money was managed and where that money was being spent. Mr. Green suspected that they “know how to rob Peter to pay Paul to stay alive, but there are things you can do in between, if you just think about it, you can put some money away to live off in a month.”

Mr. Green’s budgeting lesson reflected an assumption, based on his experiences teaching, that students in his program needed short-term budgeting skills as opposed to long-term budgeting skills. In his effort to help students understand where their money was being spent, the lesson he taught included the use of a budgeting tool, which is reviewed in further detail in the next section. The tool was designed to help students track all of their spending and determine how much they spent on “little things.” He explained that he and a colleague were presented with a budgeting lesson from a woman on the board of their agency, and she gave them a tool for use in their program. They felt, however, that they needed to adapt the lesson and the accompanying tool for it to be effective with their students. Mr. Green explained what happened: “She gave us an outline, but it didn’t fit the participants who we dealt with. So we had to tweak it a bit and
we came up with that information and we presented something that fit our program better.” The categories that Mr. Green and his colleague added were based on an understanding of their students’ lives that was realistic rather than judgmental. The budgeting lesson they were given “was too detailed” and as he explained, asked students to think too far in advance:

Actually it was going in the wrong direction. They wanted to estimate for the participants – 6 months, 12 months, a year, what 6 months, 12 months, 2 years. And it’s hard for them to even see a month from now. So what we did is we broke it down to where it’s monthly, so they can look at it for the now. And we added a few different things that were missing – miscellaneous spending or just spending money on blunts and on weed, people didn’t understand that, they spend money on things we would have no idea about.

The version he used in class projected only one month in advance in terms of planning. When he presented the tool, he felt it was very important to be clear about the things on which they might be spending money. He openly talks with his students about the cost of buying marijuana and related paraphernalia. In his interview, he cited openness about that subject as something that he does in class that surprises his students. He explained that he “brings it up in a way that they’re able to understand, relate with, and maybe even changes their lives.” He noted that often when he breaks down the cost of smoking “three [blunts] a day,” students are surprised and did not realize they were spending that much.

Mr. Green believes that his students bring a great deal of budgeting and money management knowledge to the course, even though they are not familiar with formal terminology. In the interview, he said: “They know a lot, they just don’t know the terms that go with it.” He explained that, “Every Easter our participants find money to get all their kids something new. So they’re great at budgeting, they just haven’t been taught the ins and outs or the lingo for it – expenses versus expenditures…so they do it all the time,
everyday, every week.” Mr. Green hypothesized that students had “sponsors, I call people sponsors; they have friends who they date or whatever” and that these sponsors helped them out when they needed money. Mr. Green felt it was important to be explicit with his students that he recognized that they had ways of getting money that went beyond the welfare system and that it was safe to talk about that in his classroom. To bring it out in the open in his classroom, he “make[s] light of it.” He also mentioned that there were many ways for participants in his program to “create money,” through sponsors or through the welfare department by selling food stamps.

With respect to evaluating what his students have learned from the budgeting lesson, Mr. Green believes that it is quite hard to ascertain what students have learned. Mr. Green states that it is hard to know how his students are responding to the material he is sharing. He tells his students that, “All I do is throw spit balls on the wall of your mind. Some things are going to fall, but I am hoping that one thing can stick.” Aside from seeing the same students in his class a second time, he has no real way of knowing what “stuck.” He has tried asking students to fill out a survey about what they thought of him, but “that doesn’t mean anything, because they may like me, but they may not walk away with any information.” As he goes on to explain, “You never really know who walks away with what, but I think during the two week period, you can figure out who’s making change in their lives.” He also suspects that not all his students use the budgeting tool and explains, “It’s almost like going fishing, you just put it under the water, and you hope someone bites.” With respect to the larger program, not simply the budgeting lesson, Mr. Green is quite clear that there are internal and external roadblocks to achieving success in his program and he is quite clear that these roadblocks are not necessarily caused by a
lack of knowledge. He cites childcare, doubt and fear as impediments to success in the welfare-to-work program.

Mr. Green was positive and jovial with his classroom. He taught the budgeting lesson in the hopes of helping his participants save money by understanding where they were spending it. While it was hard for him to know if his lesson was helpful to his students, he felt that it was important that he tried.

*Text/Worksheet*

The budgeting tool that Mr. Green used in the class was an 8.5 x 11 piece of paper. It is entitled “Monthly Income Expense Report” and looked like a spreadsheet. It had 5 columns: Expense, Due Date, Amount, Monthly, and Outstanding Balance. The expense section was the first column, and the expenses categories were printed on the sheet and were not unique to the user. There were thirty-six expenses categories listed with two blank spaces where a user could enter a new category. The categories reflected an attempt to list all the possible places individuals may spend money, for example: rent/mortgage, cell phone, auto maintenance, gifts, cigarettes/alcoholic beverages, emergency savings and “other expenses.” The last 3 rows were: Total Net Income, Total Expenses, and Difference that allowed a user to calculate the total expenditures, expenses and the difference between the two.

Some of the expense categories had examples items or explanations listed in parentheses. For example, “student loan (installment)” explained that users should list their monthly installment, not the whole loan. The category, “church,” had a parenthetical “religious donations,” explaining this expense. Others were listed as: “medical (doctor, RX), Education Expenses (supplies), Allowances (including children), Gifts (holidays,
birthdays).” During the lesson, Mr. Green clarified the categories even further by offering examples and explaining which numbers went in which cells of the spreadsheet.

**Class Description**

Mr. Green’s schedule changed often and it was hard to observe his budgeting lesson more than once. I did, however, get the chance to sit in on some other lessons. In this section I focus primarily on the budgeting lesson, but I also use data from my other observations to support claims about his teaching style and the students’ interactions in the classroom.

Mr. Green’s budgeting lesson provided a guided tour of the budgeting tool for his students. As he walked them through the use of the spreadsheet, he offered examples and clarifications. In doing so, he makes assumptions about the students’ lives by guessing amounts they may spend on things, but also allows them to correct him. His friendly manner provides a comfortable atmosphere where he can simultaneously make fun of his students while also letting them know he understands them. He makes jokes about students’ habits and practices, noting the cost of particular things, for example cable TV and hair weaves, but also accepts that they spend their money on those things. Simultaneously, he points out where and when costs may be adding up, like for daily lunches, and miscellaneous habits. Students in his class are comfortable and speak openly about their opinions and habits.

Mr. Green began by handing out the “Monthly Income Expense Record” worksheet to each student. As he handed it out, he says, “This sheet will save you so much money.” He also handed out calculators, several at each table, but not enough for everyone to have their own. Mr. Green went through the expense categories asking
participants to fill in their own as they went along. During this exercise it became apparent that individuals' expenses varied within and across categories. Some students were living with relatives who paid the rent and utilities, while others paid those bills themselves.

Mr. Green started reviewing the tool by asking students to calculate their Mortgage or Rent. He explained that those are always the same each month. He instructed the students to fill those in (for example, $500 monthly). He pointed out to the class that there is a column titled “amount” and one titled “monthly,” and that these amounts may not be the same. Students should fill in the “monthly” cell with the amount you pay, so the monthly expense may be $40, but the “amount” owed monthly may be $75. He went through the expenses asking the students to fill in what they pay for each expense in the “monthly” column. For each category, Mr. Green allowed multiple students to respond, which made it apparent that they spent different amounts on these expenses. In addition, he frequently suggested amounts that they might be spending monthly. Students were not shy to correct him or disagree with his suggested amounts. In addition, his classroom atmosphere was such that multiple students were comfortable sharing the amount that they spent on particular items even if it was different than the amount others were spending.

For example when he discussed the phone bill, he stated, “[you] got to pay the whole thing,” implying that it would get shut off if it was not fully paid. One student shared that her cell phone bill is $80 and she pays $40. Mr. Green said, “You ain’t gonna get away with that for long.” He continued to go through the expenses, allowing students to share their costs aloud as they worked. On the board, Mr. Green was keeping track of
various students' expenses so he could calculate a total at the end. Throughout the lesson students shared their bills, compared their payments and discussed the urgency of paying some of the bills. For the “student loan” category, a student shared that she paid $50 a month and had consolidated her loans while another participant shared that she paid $80. One student commented regarding student loans that “you can’t not pay it, they’ll take your taxes,” referring to the fact that if you do not pay your student loans, they will be garnished from your tax refund.

For the category of groceries, Mr. Green said, “this is where the stamps come in.” He was referring to food stamps. For groceries, he suggested an amount: “$200 a month?” and a student responded: “No, I need my whole $399,” referring to the amount she gets in food stamps each month. The category of Gas/transportation led to a brief discussion of buying public transportation passes, Mr. Green noted that weekly passes are $18.75 and suggested that as the cost. He then asked: “do you buy a weekly or a monthly [transit pass]?” Some participants bought monthly, while others bought weekly passes. The Children/Childcare costs varied dramatically. One woman shared that she paid $175 a week; another paid $700 a month for each of her six children, which totaled to $4200 per month.

As the next set of categories that were on the budgeting spreadsheet was discussed, it became apparent that a major expense for the participants was their children. During this section, participants shared strategies they used to make sure they could get the things they needed for or wanted to give to their children, but often at cheaper prices. Instead of suggesting a cost for lunch/snacks/coffee, Mr. Green pointed out how quickly those costs can add up: “I want you to think about three things “$5/day, $25/week,
$100/month, is it more?” A woman pointed out that she gives her kids money for lunch too so the cost for her is even greater, about $200 a month.

For the category of Education Expenses (supplies), one woman responded that she went to the dollar store. Mr. Green made sure to point out that “you all go to the dollar store, so what, you’re still buying it” to emphasize that all spending should be accounted for, even if it is a dollar at a time. In terms of churches and charities, the participants also had varied responses. One participant shared: “I tithe every month.” In response to the charity donations, another participant said, “Oh please,” suggesting she did not make donations. And another participant explained that she didn’t give formally to charity, “but I give [to] people on the street in cups, $5 - $20 a month.”

During the discussion on Cigarettes and Alcoholic Beverages, students’ costs ranged from $25 to $80. Mr. Green responded, “I’m going to open a speakeasy, you guys got all that money coming in.” With respect to restaurants, Mr. Green, alluding to their “sponsors” said, “You all don’t pay,” to which one student responded, “I pay” and another said “Sometimes I pay.”

The discussions around new clothes, shoes and the hairdresser introduced the notion of not just spending on themselves, but also on children. Several participants mentioned during the focus group interviews that although they are reluctant to spend on themselves at times, they are often willing to or need to spend for their kids on clothing, hair and allowances. Loretta explained:

If I go down the street right now and I see a pair of shoes, for me, I am going to hesitate for a very long time, but I am probably going to go and get those shoes. When it comes to my children, if I see something, like I might see a shirt for my older son, I automatically go and get it and I won’t feel bad. I might be a little broke later on, but I’m like I don’t care, I did it for my son. (5/17/06)
The “entertainment” category yielded a discussion of places participants thought were expensive to take their children, places that were more affordable, where to get coupons, and strategies for saving money, like feeding your children before you take them somewhere.

Students shared how much they contribute to their “emergency savings” per month; amounts were between $20 and $30. “Other expenses” was the last official category on the budgeting tool. Mr. Green gave some examples of potential expenses, “weed, lottery, etc.” He went on to explain that “some lady told me she spent $200 on weed and blunts,” and that amounts varied, but it was important to know the exact amounts to calculate expenditures. Students laughed and also shared the amounts they spent or that they knew other people spent.

Mr. Green asked for a volunteer to add up the “monthly” column. He read aloud the items and a volunteer added them up. The total was $4,800 per month, “that’s your budget.” Mr. Green explained they may be exaggerating a bit. Then they started to fill in the amount of money that was coming in, “let’s say you’re getting” (See Figure 5.1):

**Figure 5.1: Budget Example from Class**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$402</td>
<td>income</td>
<td>$400</td>
<td>stamps</td>
<td></td>
</tr>
<tr>
<td>$50</td>
<td>child support</td>
<td>$620</td>
<td>SSI</td>
<td></td>
</tr>
<tr>
<td>$600</td>
<td>sponsorship</td>
<td>$100</td>
<td>Family</td>
<td></td>
</tr>
<tr>
<td>$2172</td>
<td>Family</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

They total these numbers and get $2172. As they are listing the forms of income, Mr. Green jokes about the sponsors, saying things like, “3 guys, $200 a guy,” or “that’s the
amount he gave you, don’t forget what you got from his pocket.” Once they have the total, they subtract the income from the expenses, and the result is a “debt” of $2628. Mr. Green rhetorically posed a question to the class, “You have food, meat, etc. How do you do it?” He comments, “Most women are the best budgeters in the world, come Easter, everyone has money for a new outfit.” Students started sharing their budgeting and savings strategies that included things like bargain shopping at TJMax.

Mr. Green encouraged the students to use the sheet or tool and “write down some real figures - figure out what you do a month.” He suggested they keep receipts and total what they spend a day. “If you keep track of what you spend everyday, you’ll be more thrifty,” Mr. Green shared.

Model of Financial Behavior Suggested by This Lesson

It is common in financial education curricula to begin by introducing students to the notion of budgeting. Comparing expenditures to income is often considered an important step in both money management and savings. The reasoning behind this strategy is somewhat sound – if you know how much money you have and where it’s going you can begin to differentiate between wants and needs and start finding places to save. Common suggestions, some of which are seen in Mr. Green’s lesson, are along the lines of bringing lunch rather than buying lunch and cutting down on the “little” spending, the dollar here and the dollar there. Although it was not part of the data analyzed for this dissertation, in the budgeting classed in which I observed Susan teaching, she offered similar advice and pushed the students to “track” their spending in order to see where their money was going in order to begin to make realistic changes that would allow them to save. Looking at the model presented in Mr. Green’s class, it was
apparent that the message he offers is similar, participants would benefit from tracking their spending.

Mr. Green offers his students one tool for budgeting, a spreadsheet complete with categories. There are several important benefits of a tool like this and there are constraints as well. The spreadsheet offers a detailed list of items to consider in one's budget. It also leaves them space to add other things. It provides a simple structure for recording their information and comparing their income to their expenditures. However, a major constraint is that it adds an additional step and a new routine. It requires users to change their habits and keep close and careful track of all their expenditures and receipts. In addition, this lesson only offers one way to manage expenses and track spending; no alternatives like a calendar or notebook are offered. The lesson does not allow participants to have methods that they already use, as there are no suggestions about how to adapt one's own methods to be more complete or detailed. Overall, the model offered by this tool suggests that users should be detail oriented and diligent about tracking all of their expenses. And, that doing so will help them save money, because once they know where their money is going, they will be able to cut out spending that is unnecessary.

Participants and Their Lives

As discussed in the methods section, given the structure of the program and my access to participants, I did not conduct individual interviews. The following data were collected from the five focus group interviews I conducted with the participants of the welfare-to-work program. The structure of the focus group interviews varied depending on the size of the group as well as the interest level in the various topics that were discussed. One of the advantages of focus group interviews is that both agreement and
disagreement can be captured in the process. Throughout my analysis I have tried to note instances in which participants’ responses were consistent and those instances in which participants offered multiple viewpoints or approaches to a scenario.

Participants

There were 43 participants in the 5 focus group interviews I conducted. They ranged in age from age 18 to 50, with an average age of 30 years old. In their homes, participants provided care for a minimum of zero and a maximum of 12 children, with an average of 3.15 children per home. Participants came from many neighborhoods in the city; the highest percentage, 35%, resided in North Philadelphia and the second highest, 21%, resided in Southwest Philadelphia.

The number of participants in the five focus group interviews ranged from seven to fourteen. In each focus group interview, I began the conversation in the same manner, but depending on responses and interest, the topics tended to vary. Although there were themes that cut across interviews, topics tended to cluster. In the following section, I report on the themes that emerged from these focus group interviews, with particular attention to the topics that were relevant to budgeting and money management. Participants’ used a set of unique and personal strategies for paying and keeping track of bills as well as a range of savings strategies. I also share participants’ ways of “finding money” when they were running low. I conclude this section by discussing the use of mainstream and alternative financial products and the manner in which participants chose

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37 The calculations are based on those participants that responded. The following represent the number of respondents for each category. Age, N = 38; Children, N = 40; Residence, N = 38.

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products that made sense for them. In this section, I use participant voices to illustrate the patterns observed and variation among participants.

*Paying and Keeping Track of Bills*

Like the budgeting spreadsheet presented in class, the purpose of many of the participants' budgeting tools was quite functional. Participants used their budgeting tools to do more than understand where they were spending their money. They used their systems to keep track of their bills and payments and to make sure their utilities did not get shut off. Students had several systems that seemed to serve the same purpose as the spreadsheet, but fit more easily into their lives. These systems also reflected a set of priorities with respect to bills and their payment. Several members talked about adaptations to their budgeting systems that they made when aspects of their life changed or because they devised a system that would work better. Students used tools like: calendars, the bills themselves, notebooks, and shoeboxes. Their systems were personal, created in response to various needs and situations, and served their purposes well.

One of the reasons it seems important to illustrate all the ways people manage their money is to highlight their great variety. Individuals in this class are generally aware of how much their bills are, when they are due and to whom they owed. They use this information in conjunction with how much money they have coming in to strategically pay their bills in ways that maximize their chances of keeping their utilities on. Even for those with less formal systems, individuals are budgeting. It may not be to the level of detail that Mr. Green describes, but it certainly qualifies as budgeting, and importantly, is specialized to meet their needs and personalities.

Joe explained how he used his calendar:
I put [it] down on the calendar, like for instance, today, if something comes up, an event or a bill or whatever, I mark it on my calendar. Because my calendar hangs on my closet door, my closet door is where I have leave my clothes...I look right on my calendar, well I put my glasses on now [laughing], I look right on my calendar and I see what's on that day. (6/14/06)

Cianna described her system:

So the bills that come in, like I write out what the asking amount is. Then I write out how much I have to spend. Then I have the weekly Transpass that we have to buy, lunch, although I could bring lunch from home, but the kids do that. So um, I write out how much I have, how much I have to pay and then I minimize who's gonna get what amount. For example, if the gas company sends me a two hundred fifty dollar bill, they say pay this amount by the 8th. Okay, I might not send them the whole two-fifty this month, I may give her only two hundred dollars. Which means I only owe her $50, which she's going to tack to the next upcoming month. And the next up and coming month I'll pay her the exact amount that she asks me for the up and coming month. So where I'm a little lesser in one month, I'll pull the slack up in the next month where I don't owe her I'll just pay current balance. And I stick to this pattern, and I don't get off this pattern. (5/17/06)

One participant, Taren, explained how she used more than one system. She first explained how she keeps track of how much she has and how much she owes, so she knows where her money is going:

If I know that I am about to receive a...maybe let's just say a check, and the check is for six hundred dollars. And then I say okay, well I have this bill and the bill is for 125, so I write it down in my book. So I say $600 check, and then I’ll say minus 125 for the cable bill, now I make sure I write it so I know what’s going on and where that money goes. (6/14/06)

Taren also used envelopes to physically separate the money for her bills into different envelopes:

Because what I do, I try to like, I might get three or four envelopes. And if I’m budgeting, when I’m budgeting, I say okay this bill is a hundred, this bill is a hundred and this bill is a hundred. So what I’m gonna do is I’m gonna take, 50, 50, and 50, and I’m gonna put it here and then when I get my next check or my next load of money or my next thing of child care hey I’m gonna put 50, 50, 50. (6/14/06)
Beatrice and Natalia both described a system that relies on bills being in their sight daily. They place their bills on the refrigerator and once they are paid they write, “paid” on them and take them down. If they only pay part of a bill, they simply subtract that amount and write the remaining balance, leaving that bill on the refrigerator. Rhonda relied on her bills being with her all the time. She simply carries them around and as soon as she gets paid, she goes directly to the check cashers, cashes her paycheck and pays her bills through the bill payment service at the check cashier. Similarly, at least two students shared strategies that involve paying all their bills at the beginning or end of the month as they got paid.

Not every student in the focus group interviews had a budgeting strategy. Some participants responded to that question by explaining that they were not currently paying any bills, thus they did not really need to keep track of them. For example, one student shared: “I have a problem, I’m a shopaholic, I don’t have to budget nothing because I don’t pay no bills, my boyfriend pays all the bills. So whatever, my money, is my money” (5/17/06). Others equated budgeting with saving, like Loretta, who explained, “by the time you pay your bills and stuff, there’s not much left. And then it’s hard, if you pay your bills and just for example you’ve got $50 left, it’s hard to go and put $25 away and then be left with $25” (5/3/06). Another student echoed this sentiment: “I need to get some money, I can’t budget if I don’t got [anything]” (Focus Group, 5/17/06). In general, the content of the focus group interviews did not center around input from those that did not pay bills, so I do not have a great deal of data on that issue. It is a content area that could be attended to in future research given that once they become bill payers, learning
how they transition to budgeting (or not) maybe be able to inform financial education design.

A few students also shared ways in which they had adapted their money management systems in response to their knowledge of their lives, circumstances, and styles. Joe shared how his children complicated his system:

I used to have a big desk. I used to keep my bills in my desk downstairs. But with children that don’t work. So I put them in my briefcase and my briefcase goes behind the head of my bed and they know, that’s ‘off limits.’ Even though I told them the case downstairs was off limits too, but it’s access to everybody and you’re not down there with it. And everybody uses it because the computer is right there and it’s easy for children to ‘hmmm,’ you know what I mean. And then they be dropping in some juice and instead of telling you [mimics cleaning it up badly]. (6/14/06)

Although his strategy for tracking his money did not change, he became far more careful with where he kept his information so it stayed clean and intact. He also mentioned that he kept money in his briefcase. He was saving $20 here and there. The briefcase was a place where he could save and not worry that his children would take it. He was typically saving to buy them something. Charmaine’s adaptation involved how she organized her bills and was actually unintentional. Since she moved into her apartment at the end of the month, her rent was due at the end of the month. This fell in line with the rest of her bills and she found that paying all her bills at one time simplified things for her.

Another budgeting issue that was revealed in the focus group interviews was that money management extended beyond tracking and calculating one’s spending. A common theme that emerged, from more than just Charmaine, was that paying all of one’s bills at one time made management easier. As was recognized in the budgeting lesson, individuals don’t always pay bills in full. However, in speaking with the members
of the focus group interviews, it became clear that not paying bills goes beyond calculating what's left on the bill; it often involves negotiating with utility companies and working to keep your utilities turned on. Negotiating with utility companies required knowing which companies were flexible and which were not. Students shared their experiences with the gas, phone and electric companies.

What I've encountered over the years, because I have a large family, I always try to prioritize everything. Even when it come down to billing, as far as putting clothes on their backs or shoes. And I might have to rob Peter to pay Paul. And what I do too, um, when the income is low, I'll call the electric company and gas company and get a three-day extension and put some of that money aside. Because it's hard to save, you know what I mean. (Summer, 10/5/06)

When individuals had arrangements with utility companies because they were out of work and low-income, they referred to it as “on a budget.” By “on a budget” was used not to refer to budgeting, but to describe an institutional budget or a formal agreement with a utility company in cases in which payment of the full bill would not be possible. Organizing such payment plans required understanding which companies were flexible and how to set up such agreements. Cianna explained:

They do have agreement programs, gas, electric, water, LIHEAP, PECO Energy has according to your income [and] how much you want to pay out on a month-to-month basis. Gas company has the CRP program, customer responsibility program abbreviation, how much your income, usually if you are a welfare recipient they work with you and give you a minimum of $25, $50 a month for gas. Now the water people, he's not really going to be too concerned with how much your income is, now they do have an agreement plan, but it's not going to be all that much, you know, different. (5/17/06)

In this example, Kisha explains how she arranged payment plans with her utility companies:

I'm on a budget with my bills. Yeah, I'm on a budget. Once I stopped working I called and let them know my income had changed. Because when I was working I making money so I didn't have to be on a budget, but once I stopped working and
I was on unemployment. I got it so I only have a set amount every month, which helps me out a whole lot. (Kisha, 10/5/06)

Kisha went on to explain how her experiences negotiating with utilities companies have given her insight into providing leeway and which bills become priorities:

I was talking about the electric company, they are so helpful, like they’ll let you know places to go and get money to help pay your bills. They’ll give you extensions and all that. PGW, the Gas company, they’re not having that. They want your money and they want it. It’s as simple as that. Or they’re going to come cut you off. Then you’re going to have to pay a $300 deposit and another $100 reconnection fee plus the money you already own them, so by the time you done paying them you paid double what you owed them. Like it’s crazy, that’s why I try to, if I don’t pay no other bills, if I try to slack up on a bill, I don’t slack up on the gas bill.

Carina echoed this sentiment about the gas company, “the gas bill, I pay that because I don’t want that to get backed up, because it’s ridiculous” (5/3/07).

This aspect of bill payment and money management is left out of the discussion in the budgeting lesson. While Mr. Green adapted the lesson with his co-worker to make the time frame for planning shorter and to add a column that reflected that there might be a difference between the amount owed and the amount paid, he did not discuss negotiating with the utility companies. The only reference he made was to paying the phone bill completely, which was in fact incorrect according to his students.

**Savings Strategies**

The focus group participants revealed that they saved money in a variety of ways. Some physically put aside money, while others saved by purchasing items at discounted prices or through special programs. I counted each of these strategies as “savings” since they all constituted ways to create more disposable income either immediately or in the future. Some students share that they had more than one savings strategy. One of Mr.
Green's purposes for teaching the budgeting lesson was to help students see where their money was going and in doing so, help them find ways to spend less and save more. When I conducted my focus group interviews, I often asked students to share with me something they had done with money that they thought was smart. At times, savings strategies emerged through discussions of other topics as well.

Recall, that when those on TANF cash assistance save money in a bank account, the government monitors those accounts and if the amount in the account exceeds $1000,38 welfare benefits are reduced accordingly. This can limit a welfare individual's savings options when it comes to the mainstream financial sector. As can be seen from the examples in this study, these participants found other ways to save. Asset limits, as they affect TANF benefits, vary by state for cash savings or car ownership. It has been suggested that increasing or eliminating the asset limits would serve to increase savings for TANF recipients and assist them in their move to self-sufficiency (Chen & Lerman, 2005; O'Brien, 2006). One strategy welfare recipients used was to save additional money in custodial accounts in their children's or other relative's names. These accounts tend to flies under the radar of those who determine welfare benefit amounts.

In each focus group session, at least 4 participants indicated that they had savings strategies at the time or had employed them in the past. In total, there were at least 25 instances in which savings strategies were mentioned. Those participants that did save cited the importance of having funds for a "rainy day," and recited things their grandmother or other family members had told about the importance of saving something, even a little amount, each month. Their savings strategies included putting a

38 For more information, see: http://www.dpw.state.pa.us/LowInc/Cash/003670283.htm

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tax refund into a savings account, buying savings bonds, and using a piggy bank to save change. Others did not save did because they didn’t feel that they had money to save, while others were self-declared “shopaholics” and indicated that their behavior also made it hard to save.

Five participants named saving money in their child’s name in either savings account or savings bonds as a primary savings strategy. Six participants had savings accounts in their own name and used that for savings purposes. Five participants explained that they had special places for saving in their homes, either because they don’t trust banks, or because they preferred to save at home. One woman explained that not having an ATM card helped her save because it limited her access to her money. Similarly, one of the male participants explained that he did not allow himself to have credit cards. Lastly several participants cited specific places they shop or ways they purchase items that got them cheaper prices. For example, Arlene emphasized the importance of saving and explained how she programmed herself to do it:

So my savings account is a bill to me. So I sit down I say, I got to pay my rent, I got to pay my gas, I got to pay my electric, I got to put $20 in my savings account. And it adds up. And I don’t touch my savings account, for nothing. And sometimes it is really, really hard, but if you put something away and you’re like ‘this right here is mines, and I’m not going to touch it,’ and you be true to that. It comes out even where you can save a little bit. (10/10/06)

So how did these participants find money to save and how did they discipline themselves to do so? Taren and Charmaine, who were in different focus group interviews, both got their children little piggy banks and everyday when they got home, they gave their kids their change and the kids put the money in their piggy banks. They
were not the only coin savers. Fatima saved her coins and went to the bank with them once a year; she claimed to save over $1000 each year in coins.

Income and asset guidelines that determined one’s Cash and other Assistance played a key role in determining and dictating savings strategies. Cianna had an interesting situation; she had been remarried and still had a bank account in her old name. She was able to keep money in that account that the Welfare Department did not know about and thus saved beyond $1000 in her name.

Of those that saved at home, several of them emphasized the importance of saving in a spot in their home that is difficult to get to in order to decrease the likelihood of spending that money and too keep it safe from others. As Taren described,

Well I have a lot of those like keepsake boxes so what I do is, I have one in particular that I keep like notepads in and stuff like envelopes, like cute little stuff like stationery and stuff that I buy, because you all notice I have not been shopping and stuff the last couple days because what I did was I took all my money and I put it in there with the all the stationery. And I just put the box up because I know if I put it up high, I’m not going to bother with it because I don’t feel like trampling all over everything to get all the way up there. (6/14/06)

Making money physically difficult to get serves two purposes: it is difficult to get to which can be annoying, but it also makes getting money from your savings a conscious act. When you have to actually maneuver yourself to get money your actions become thoughtful, as opposed to the often thoughtless action of taking money from your wallet. When an activity becomes thoughtful, one is more likely to consider the actual activity than to proceed forward with it mindlessly.

Taren had another interesting strategy for handling her shopping habit. She admitted she liked to shop, as mentioned above, but she also shared that she always saves
her receipts. Saving the receipts allows her to reconsider her purchases and return things when she has second thoughts or realizes she needs the money for other things.

Students who employed savings strategies that involved buying things more cheaply had a variety of ways to do that. Cianna described her process for buying food from a variety of stores to make her food stamps last longer:

You need to go down to 9th and Washington and get your meats over here, and your fresh vegetables. Okay, and then you got to go to Save-a-Lot and get your milk, butter and your bread for the kids and such. And then still have food stamps on your account by the middle of the month. (5/17/06)

Students in Cianna’s focus group agreed with her about the value of going to Save-a-Lot to buy food at cheaper prices than Super Fresh, Acme and other grocery stores. However, as Cianna urged them to shop on 9th street, they were in disagreement about the value of going to 9th street because of the cost of getting there:

Carla: I’m telling you. Go to 9th and Washington, the butcher is right there, okay, you can get lbs of this, 3 lbs of that, the wings, the hamburger meat, the pork chops, the whole nine. Then you got her fresh cart where she got all the fruits, vegetables, probably all [list veggies]. Then you got that all week with the meats, vegetables, starch, all that, see, see.

Karen: If they don’t got a car they going to have to pay somebody.

Carla: Check it out, give him ten, you’re going to save at least ten dollars, give the guy ten dollars to take you down to 9th and Washington,

Karen: Ten dollars? Who you got? Give me his number. Because the people that I know that are gonna take you to 9th street, wait for you, then bring you back are going to charge you $30. (5/17/06)

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39 9th & Washington is a part of the “Italian Market” in Philadelphia. The Italian market is about 8 blocks long, and has indoor and outdoor markets. The outdoor markets sell produce and home goods inexpensively. The indoor markets consist of butchers, many of who accept the ACCESS (food stamps) card and also sell meat more cheaply than the super market. The end of the market near Washington tends to house some of the cheaper options while the shops on the other end are often more high end with a fine cheese store and two coffee shops.
I highlight this interchange to show that individual options and the cost of shopping at particular stores vary for each person. What might be an efficient and reasonable way to save for one participant may not be feasible for another. This will become apparent in the participants’ discussions around banking.

Loretta explained how she manages to have cable through taking advantage of discounted rates and sharing the cost with her brother:

I'm a single parent but I'm trying to give my kids some of the things I didn't have. Now my cable, the reason why it's cheap is because when I first got the cable it was 12 months it was $20 or $10 depending on the services you add. Of course I got 2 boxes and I have the modem for the computer, which my brother is paying half of that bill because he wants the computer. So this $60 that's for 12 months. But, now when that 12 months come up and it's gonna be like $100 or $80, then I'm gonna get it cut off. And then wait for the next sale to roll around, that's what I do every time. (5/17/06)

Taren described her cost-saving strategy that involved “payments” that are given out at a parenting class:

Mommy dollars is this play money that they give you at the parenting class down on Kensington Avenue. And you can buy stuff there for you kids – pampers, wipes, you know clothes, stuff like that...it's not real money...I got a case of pull-ups, I got a case of wipes – there's 720 wipes in there. I have like 4 bags of pampers for my daughter – she has like so many clothes. (6/14/06)

As Taren talked more about the “mommy dollars,” it became clear that she began participating in the parenting class as part of a court mandate, but kept attending because she liked it. Students in this program receive “mommy dollars” for attending and can go to the same class multiple times. Taren had been to the budgeting class there multiple times. Taren liked this program because it allowed her access to items for her children and for her friend’s children. She spoke of getting baby shower gifts as well as other
necessities that can be costly. One participant in Taren's focus group asked if she could go and Taren explained that anyone can go, they should just say Taren referred them.

As the participants talked about their savings strategies in the focus group interviews, it became clear that such a setting was an opportunity for participants to learn from each other how to save more and where to get things more cheaply. This knowledge-sharing structure seems like a potentially effective format for financial education; one in which students could share their methods and knowledge.

Finding Money

As Mr. Green alluded to, the participants in his program have ways of "finding money." He suggested that many of the participants had "sponsors" and also thought that to get money, some of them sold their food stamps. In my conversations with the participants in his program, I found that it was true that they were "finding" other money, and many of them were quite candid with me about some of the ways they "found" or more often than not, how they "made" money. Not only were they finding money, but it was critical that they do so. Students in several focus group interviews emphasized that living on welfare was not possible. Students proclaimed: "Everybody got something else besides welfare. You got something else coming in. because if not, you'd be on the street" and "You cannot make it, with that by itself." Importantly, as Iversen and Armstrong (2006) describe, once employed and with wages significantly above minimum wage, it can still be quite hard to make ends meet.

To "find" money, some participants went to friends and family members to borrow or get money. Others had ways of raising supplemental money, referred to in one focus group as "hustling" and in another as "the grind." These phrases were used to
indicate that they had something they could sell or a service they could provide in order to make more money. The ways that participants “found” money, fell almost neatly into the following categories: asking friends and relatives for money, non-court child support, corner store credit, and sales. Responses to this question were in line with Edin’s (2001; Edin & Lein, 1997) findings in which she suggests that there are informal assets that low-income families have that they can use to make money when needed – for example, window washing materials, cooking skills, and the like. I describe examples in each of these categories below. Taren’s “mommy dollars” could easily be considered finding money as well as a savings strategy. However, it does not fall neatly into one of the above categories.

**Asking friends and relatives.** Students were split on whether they preferred to ask family members or friends for help when they were low on cash. At least 14 participants indicated they had a relationship with either a friend or family member who helped them out when they needed money. In some cases, participants had specific arrangements to pay their friends or relatives back and in others they did not.

One woman explained how she got money from friends:

This is how I get my money, for anything that I want, right. I do this, I use my son a whole lot. I call my friends and be like my son said he need some sneakers, bring me the money tomorrow and I’ll pay you back. Then on top of that, I’ll be like, my cell phone needs some minutes on it, $50, $70. Can I get? I need my hair done, I need to go down 52nd street. And that’s how I get my money, I’m not even going to lie to you all, that’s how I get my money. But that’s how I get my money, I don’t work, I don’t work, but I need a job, (5/3/06)

Carine described how she strategically asks family members who won’t expect to be repaid:
You know how you can say I’m gonna call people and ask them for money, but I only borrow from people that I know they’s not gonna be hounding me for their money back. My dad, my sister, I can say to them can I borrow this and they not gonna ask me for it back. (5/3/06)

Natalia also asks a family member, but she has a repayment plan with her uncle:

My uncle, with him, it’s like, all he pays monthly is $133 because he has a one bedroom apartment for him. Like a little spot. So he comes out and he pays that, and that’s the only thing he has to pay. And every other cent he has, he has in the bank. And whenever I need anything, like the other day I told him I wanted to buy a radio, but all I had was $50, and I wanted to buy like you know, one of those surround sounds things to put in my house, with the radio and everything together, and it came out to $350. And he paid for it. And he told me, little by little, like $20 to $30 a month you’ll give me, you know to pay it back. And that’s how we work things out. (10/5/06)

Natalia also had an arrangement with her mother, who received food stamps. Natalia received $500 in food stamps, more than she needs and her mother only received about $100. Natalia borrowed money from her mother and would repay her with food stamps, “as much as she wants.”

These women would have no access to mainstream financial lenders and likely without a job they would have access only to high interest alternative sector loans. While the first two participants did not mention paying back the money they received, Natalia’s uncle helps her buy items at retail prices rather than her spending that $20 to $30 a month to rent an item until she owns it after paying 2 to 3 times the retail price.

*Non-court ordered child support.* In one focus group, two women shared that they have arrangements with their children’s fathers in which the father pays them cash for child support. In this way, these women get more money to spend and that money is not recorded anywhere. Natalia explained how her system works:

I get it [child support], but I don’t get it from court or anything. He comes to the house every Friday and give me $150. Because that’s one thing I told him, you’re
leaving, have fun, bye bye, but make sure every Friday you're here with my money. Because these kids they don’t run on water, they don’t run on dirt, they run on food, clothes, diapers, all those things they need to run. So that’s one thing, every Friday, make it happen. (10/5/06)

Summer shared her arrangement, which is less formal, but serves a similar purpose and allows her to have “more money in her pocket:”

My kids’ father pays all the time. He takes them out to an all you can eat spot every Friday. And a lot of times, like I say I keep my money right in my pocket, I say ask dad. Because he’s that kind of father. But I let them know, everything he give you, you say thank you. No, I want them to show appreciation because you don’t have to do it, you want to do it, you choose to do it, and we thank you. (10/5/06).

Corner store credit. While some of the strategies for finding money gave students cash in hand, others involved being able to pay for necessary goods at a later date. Those situated in the middle and upper class regularly use their credit cards to make purchases outside the constraints of their disposable income, but for those with no credit cards or bad credit, making such purchases can be prohibitively expensive or sometimes not possible. Several women explained that they have a relationship with their corner store in which the owners give them a certain amount of credit so they can purchases necessities when they do not have cash. For three of the women I spoke with, the corner store was one of the avenues they used to find money. For Beatrice, it was the only one:

I really don’t have anyone, I just have me and my kids and we don’t have no families. They don’t have no grandma, no grandpa, no cousins, no aunts, no uncles, just me and my kids. And when things get a little tough, since I’ve been in the neighborhood really for a while, the corner store will usually help me out. Like it I need bread or eggs or milk, pampers, whatever, you know, that’s what. And my kids’ father is not in their lives. So, it’s just me and my kids. And sometimes when I have to survive I go to the corner store and they give me what I need as far as – even sometimes as far as school tokens for my child. And I pay him whenever I get my money. (10/5/06)
Summer emphasized the importance of “being in the neighborhood for a while” and in
being in one with corner stores. She recently moved:

I had that [a corner store]. I had that in my old neighborhood before I moved to
this new house. But um, what happened was when I first moved around that area
at 8th and Wingohocking, beautiful beautiful corner store family that was there
working. He had stopped allowing, he had a sign up that he was not extending
credit to no one. And when I came into the store, he was like ‘Mommy, that don’t
apply to you.’ That was so sweet. And it was during a storm the first time that I
really needed something. And when I went to the corner store and I was like, I
said, ‘I’m not able to’ at that time we had the food stamp books, and I said, I was
not able to go get any cash or food stamps or anything and I said can I just get
some cereal. And he said ‘Oh, you got a credit limit up to $60.’ And gave it to me
instantly to get what I needed to get for that storm. You know what I mean? So
that’s very important to have on your side when you’re living in a
neighborhood. . . . [Now] I don’t even go to my corner store...but like I said that
particular person, people at that store they extended themselves and they know
good people that’s in the neighborhood and they willing to extend themselves.
(10/5/06)

Natalia described her corner store relationship:

For me there’s this lady at the corner store, her name is Kelly and her store is
Linda’s Deli. And it’s a small; she’s got it in the basement of her house. She’s
really comfortable, my son got really close to her because she got cats and my son
loves cats. He be up in the store playing with her cats all the time, and he bathes
them for her and everything. And in exchange she gives him little things that he
wants. And she’s given me credit like if I need something quickly, in an instant, I
go in there and I get it. And she’s cool, like she lets me – you know you got up to
two to three weeks to pay her. So if I don’t got no food stamps yet or there’s times
where I’ve gotten diapers or whatever and when I get my food stamps she says-
just give me food stamps, it’s okay. You know, so like with her, like that my
benefit with her. That’s the only benefit I got, because like besides her, it’s just
my mom and my uncle. And that’s it. (10/5/06)

In all of the cases, those that owned the corner stores were kind enough to extend
themselves to these women in similar ways that family members of other participants
sometimes did.

Informal Assets. In several focus group interviews, participants described “hustling”
or “being on the grind” as what they did when they needed money. These women had
what Edin (2001) called informal assets, skills or tools that allowed them to earn extra money when they needed it. These assets are critical to getting money when needed, yet would not be counted as assets when using the formal definition of financial assets – like cars, houses, education, and so forth. Several students shared their definitions of hustling;

Carina explained that she’d sell dinners:

Hustle don’t have to be a bad thing. If I get in a jam… I’ll be selling dinners or something. I’m saying like hustling don’t have to be a bad thing, when you say hustle people automatically think of the corners. Hustling don’t have to be a bad thing, if I get in a jam, I’m just poppin’ up like let me make dinners next weekend, you know, put the flyers out, you know, people can come enjoy themselves, you know have a card game, but have a house pot or something (5/3/06)

In the same discussion, another participant shared,

Oh, I hustle everybody, I just got the gift of gab, I will say, I just will be like, ‘I need…’ ‘can you…’ ‘okay, bye.’ If you can’t do it then there’s no need for me to talk to you, I need my money. I need my money. (5/3/06)

In another focus group, Cianna explained that when they say “on the grind” in her neighborhood, they meant “I baby-sit, I go clean somebody’s house,” or “[I] call friends and tell them to bring money.” Summer’s way of making money was by charging rent. She had older children who were working. When she deemed them old enough, over 16, she charged those children rent. She also sometimes rented out a room in her house to a non-family member. She explained how she used that money: “That’s how I get a little bit of extra money. You know to help out with the little things I want to buy the kids or do for the kids” (10/5/07). Kisha threw parties in her house to raise extra money:

All summer… every other weekend I was having a party. Like I’d send my kids away for the weekend and I was having parties. Ten dollars you can get in – you can drink all you want, you can eat all you want. And when I saw people was coming bringing more people with them than what I invited I was like ‘dag,’ my house ain’t that big to hold all these people, but I was letting them in. That’s how I was getting my extra money. I had to do what I had to do...And every other
week, somebody was calling me, 'you having another party?' 'Next week, yes I am on Friday and Saturday.' And that’s how I do it. That’s how I make extra money so my kids can go to the little amusement parks and all that during the summertime.

One of the reasons using this set of informal assets may make sense is that is allows these women to accumulate more disposable income without affecting their welfare benefits. Additionally, they can acquire additional funds without investing much of their current money.

*Alternative and Mainstream Participation*

A common goal of financial education is securing participation in the mainstream financial sector, and a first step in that process is typically considered using a checking account to pay one’s bills. This program was no exception. Participants in this welfare-to-work center were offered the option of opening an account through the program with a national bank. I spoke with the majority of the focus group interviewees about their banking use and their interest in writing checks. I learned that their interest in having a checking account varied and, in addition, some of the participants described how they would use their account in ways that differed from traditional use. Many participants operated in both the mainstream and the alternative financial sectors in ways that were cost efficient for them, for example using both bank accounts and money orders. The focus group interviews provided an opportunity to learn more about the rationale behind participants’ choices about banking.

What quickly became apparent was that participants in this program had thought a lot about the role a checking account could play in their lives. Participants often felt that other options, like money orders, electronic payments at the check casher, or phone
payments, made more sense financially than checks. Additionally, what those services offered that checks do not is the immediate transfer of funds. When one used a money order or a check cashier to pay a bill, they handed over the money and it was gone. On the other hand, when one writes a check, puts it in the mail and sends it, they must wait for the check to clear. During the time when the check has not cleared, those funds have not been debited and thus one’s balance as it appears does not reflect the amount actually in the account. Many participants felt that this discrepancy in their balance was too hard to monitor and more importantly, put them in the risky situation of bouncing a check. A charge of about $30 per bounced check was far more than the cost of several money orders a month. This comparison came up repeatedly in discussions around check writing. As these examples will show, participants had carefully constructed systems that allowed them to manage their money and their fees in what they deemed was the best match between their financial needs and realistic financial habits.

*How much are participants spending to pay their bills?* Before examining the habits and decisions of the participants in these focus group interviews with respect to the mainstream and alternative financial markets, it is helpful to understand the actual costs of the services many of them use. In Chapter Two I discussed the potential annual costs of alternative services, such as checks and money orders, as suggested by scholars in the field. I felt that it was important to share the costs that the focus group participants were incurring so that my analysis of their decisions making as situated in their real costs and alternatives.

As we know, although writing checks is free, there is cost to purchase the checks, typically about $18 for 200 checks. The focus group interview data revealed that money
orders range from free to $1.00 with participants naming costs of: $0.25, $0.30, $0.49, and $0.69. Participants paid between $1.00 and $1.50 to have their bills paid at the check cashier electronically. Participants' fees per month ranged from nothing (free money orders) to "no more than $10 at the most" (Joe, 6/14/06). Some participants also paid their bills over the phone using their debit card; the service charge attached to this process was $3 or $4. Lastly, the cost of bouncing a check is typically about $30, but can be more than that at some banks.

Use of checking accounts. Although not all participants in the focus group had checking accounts, many of them did have them and they used them in several ways. Some participants wrote checks, some used them to store their money, some paid online and some paid using their debit card.

Cianna used her checking account for paying bills by writing checks. Stephanie wrote checks, but did so hesitantly; she always checked her balance online or by phone first. Arlene had four bills and paid three of them by check – her daughter’s tuition, her gas and her electric. Her fourth bill, rent, she paid in cash. Jaime, one of two males in my focus group interviews, said he wrote checks whenever he felt like it.

Those who did not write checks described a variety of bad experiences and fears about bouncing checks. They either used money orders to pay their bills or paid using their debit card. Importantly, many recognized that having a system in which they kept a check register and knew their balance at all times, regardless of clearing checks, could solve the problem. However they did not think that was a realistic system for them. Joe expressed this best when talking about his friend:
I have a partner I work with in Cherry Hill, he stays on top of his things. In other words, he’s constantly on that computer checking things constantly. But how many people you find like that? Like I call him a sharp pencil, that’s the way he handles business, sharp. He don’t give his sons no loans, no nothing. He don’t believe in it. He stays on the bank’s case. He’s there before the bank’s there. (6/14/06)

Others explained that their hesitation stemmed from the fact that when they wrote checks, they were basically putting their bank account balance in someone else’s hands. Taren shared how she saw the realities of handing over a check and waiting for it to clear:

Some places, like my housing, they take about 30 days, 30-45 days to process those checks...then you’re sitting there thinking that the money was off and then you go check your account...and you say oh, okay, and you forget. And that’s how overdraws and stuff like that with the bank. So I really don’t like stuff like that with checking...If I wrote the check, if my bill is due on the 29th and I done sat here and wrote you a check on the 14th, and you get it on the 16th, but you don’t cash it until the 16th of the next month, that’s not my fault, you know what I’m saying. (6/14/06)

Stephanie, although in a different focus group, agreed:

It don’t always be [the bank’s fault], but when you write a check sometimes, and I’m going to blame the person I write the check to too, because they don’t always cash that check when they supposed to. Because you be thinking they cashed the check and took the money out and you write another one. So yeah it’s not always the bank’s fault. But they don’t got to charge so much [$30-$35] to be playing basketball with them either? (10/10/06)

Stephanie repeatedly used the basketball metaphor to describe bouncing checks. Although I can’t be certain she meant it this way, the metaphor seemed apt, give that she suggested that the banks are “playing” with her or her money, and charging her much more than they need to in order to handle the overdraft situation.

Other participants had similar complaints about the unpredictability of checks, and rather than using money orders, they turned to the use of their debit cards to get around this problem. Using their debit cards rid them of the problem of waiting for a
utility company or landlord to cash their checks. Kisha described her problems with checks and the options and freedom the debit card gave her when it came to payment options:

If you use a debit card it’s going to come right out, [if you write a check] they take their time with depositing the check. So you’re thinking the money was taken out because you wrote the check, [but] they didn’t automatically deposit it. So you’re, you know, you write it down and you’re like I should have this much left, not thinking that oh they didn’t deposit it. That’s why I hate [checks]. Like, I had like a couple incidents with that where my account ended up being overdrawn because people were not depositing their checks when they were supposed to. And that happened to one of my friends because they were paying rent with checks and come to find out, like the person, the landlord was holding on, why are you holding on to the check? As long as you got a debit card, you can do anything. Pay online, pay on the phone, whatever you want. But I like online, online is very good and convenient. (10/5/06)

Two participants explained that they used their debit card and the pay by phone option to avoid late payments. Natalia explained that in addition to her system of keeping her bills on the refrigerator and usually writing checks, if she knows sending a check would take too long, she will call and make a phone payment. Natalia then uses her bank statement to keep track of her accounts.

Summer’s system was more complex than Natalia’s. She had a checking account and a debit card. She had also recently met with a credit counselor and was working to repair her credit. She explained how she used her system as follows:

I have a folder, a blue folder I keep with all my bills in it. Because when I got my credit report I kind of like paid all my bills that were on the credit report. So I keep everything in front of me, so when I get up in the morning and have my tea I can see everything...I write checks, but when I write the checks they are void checks because I pay them by my debit. And I take that charge, because I need to be on time with my bill payment so I take that extra charge, a dollar or whatever it is, sometimes it’s $3 I think it’s for one of them. (10/5/06)
Summer uses her checks for record keeping. She explained that she had trouble remembering to mail them; that’s why she prefers the debit card. An important element of repairing one’s credit is paying bills on time and Summer recognizes that.

Participants in this program are using their checking accounts in a multitude of ways that do not necessarily situate them squarely in one financial market. Writing checks creates an uncertainty that can prove too costly for many people. Students have found cheap or free ways to get around checks and many of them find that the amount they are paying is worth avoiding potential overdraft fees. As Joe said, referring to the $10 (at most) he pays a month to pay his bills, “mess up one time and you’re beyond that $10.” Students are well aware of their options, and the relative costs of those options and for a variety of typically well thought out reasons – repairing credit and avoiding overdrafts – they chose to operate the way that they do.

What is different when participants have jobs?

One of the reasons Mr. Green stressed budgeting was that he felt money management was critical to the success of his participants when they secured jobs. During the focus group interviews, two students mentioned how they felt their money management concerns and strategies changed when they had jobs. Even though this only represents a small portion of the participants, these two responses represent opposite views. Loretta explained what happens when she has a job:

People say, if you get a job that make more, then the extra you get that’s the difference from your old job, save it. But it’s not like that, it’s hard. Like especially here in Philly, like the more you make, the more you’re spending, the more you got goals to get this, that might be like $12 or $13 more. Like it’s kind of hard, it’s easy for other people to say, like when they say get a job that makes $13 an hour. I had that, and I wasn’t. I seen I had a little more money in my pocket, but then I was also getting other things...Like my friend gave me a
computer so I went and got the internet service. So there go another forty-
something dollars. So the more you make, the more bills come. (5/17/06)

Taren’s described the exact opposite:

I tend to shop a little bit less because I be so busy working, wanting to do doubles
and have the extra money, so I’m saving more. You know, I’m saving, I’m still
spending, but I’m saving more than what I’m really spending. But when I’m not
working, I’m spending more than I’m saving. (6/14/06)

Loretta pointed out the importance of taking into account the other things that changed
when she had a job, that her bills increased and that it was difficult to save “the extra.”

Taren shows us that for her, working helped her save money because she had little time
to spend it. It seems worthwhile to consider these two women’s scenarios and how a
budget or budgeting tool might help them manage their money once they have a job. In
the case of Loretta, it seems that keeping track of her money might help her out some.

But given that her income has increased, it may be the case that her bills increase also,
since she may no longer qualify for some of her assistance programs with the utility
companies or for public benefits like food stamps and child care assistance.

Discussion

With some variation, the participants in this program demonstrated that, often out
of necessity (e.g., to keep their heat on), they kept track of their bills and payments in a
systematic way. Doing so required not just a system for keeping track of income and
expenditures, but also regular communication with utility companies. A series of
networks, skills and informal assets allowed these participants to get more money when
they needed it. The budgeting lesson and tool offered little that was new to these
participants and came up somewhat short in terms of recognizing all the aspects of what
goes into managing a welfare-reliant household. Several of the themes that emerged from
the participant data spoke directly to the complexity of money management; recognition of the complexity of money management was notably absent from the budgeting lesson. Many participants had existing budgeting strategies that worked for them and their need for a budgeting tool or spreadsheet was limited. Secondly, the participants in this program named communication with the utility companies a critical component of their budgeting, a component that was omitted entirely in the budgeting lesson.

The participants revealed that they had quite reasonable and rational reasons for their financial decisions. Although in many cases they paid fees for financial services, in both the mainstream and alternative financial sectors, their rationale for paying those fees was quite sound. A major theme that emerged was the reality that checks were an unattractive monetary tool because writing a check put a bank account balance in the hands of someone else. Accompanying the dislike or distrust of checks was a cost-benefit analysis that revealed that overdraft fees could quickly exceed money order fees. Some participants expressed a preference for payment with a debit card because money was deducted from accounts immediately, unlike checks. Several participants expressed the reality that if cash was not used to pay bills immediately, it could easily be spent elsewhere and that was not a risk worth taking.

In summary, the focus group participants expressed their strategies for budgeting and money management in thoughtful ways that reflected a solid understanding of the fees they were paying, the financial systems they were using and the costs and benefits associated with each. When considering the model of financial education that suggests maximizing assets by minimizing fees, it might be worth considering a broader picture that would permit some flexibility about what counts as the best decision.
Chapter VI: Financial Decisions and Financial Education Curricula

In this chapter I draw upon the findings in Chapters IV and V to offer a model for understanding the ways that individuals make financial choices. Understanding how such choices are made can inform education efforts. I argue that what these individuals were doing as they made financial decision constitutes mathematizing the factors they were considering and then modeling their situations in ways that allowed them to conduct a personal cost-benefit analysis. I expand upon the traditional explanation of mathematizing to include non-mathematical factors and elements that emerged as components of individual’s lives and financial choices. I highlight the importance of personal factors in individual’s financial choices. In the first section of this chapter I draw heavily on the data from the welfare-to-work site as these data offered more insight into individuals’ decision making. I then offer the cases of two participants to highlight their decision-making process and the importance of their personal factors as well as their ability to negotiate the flexible elements of their income or expenditures. Looking across the curricula from both classrooms, I then analyze the content and enactment of the two in light of what is known about how individuals in this study informed their financial choices. I argue that the data presented in the previous two chapters suggest that (a) the financial decisions that were made by individuals who took financial education classes were informed by an understanding of not just financial products and markets, but also personal preferences, realities, and experiences and (b) financial education curricula are incorrect in their assumption that what is offered in these classes is new knowledge that will play a critical role in individuals’ financial choices.
Modeling Financial Decisions

Developing a model for how individuals’ financial decisions are made can help curriculum developers and teachers think about the content that is offered in financial education classes. I suggest that mathematical thinking plays an important role in how individuals weigh their financial considerations and options. By examining the ways that individuals in this study spoke about the influences on their financial decisions I have developed a model to show how financial choices are made.

Mathematizing

Those who study mathematical problem solving often refer to the process of “moving from a real-world situation to a model, working with that model and using it to understand and to develop or solve real-world problems” as mathematical modeling (Crouch & Haines, 2004, p. 197). The term mathematizing is used to describe the process by which one takes individual elements from a real-world situation and represents them mathematically. Thus, the process of model making entails the mathematizing of multiple relevant elements. Lesh and Harel (2003) offer the following description of model development:

*Model development* typically involves quantifying, organizing, systematizing, dimensionalizing, coordinating, and (in general) mathematizing objects, relations, operations, patterns, or rules that are attributed to the modeled system. Consequently, the development of sufficiently useful models typically requires a series of iterative ‘modeling cycles’ where trial descriptions (constructions, explanations) are tested and revised repeatedly. (p. 159, italics in original)

I argue that individuals mathematize each factor that is relevant for a financial decision. By that, I mean they give a financial factor a certain weight, or amount of importance; often that importance is relative to another factor. For example, Shirley, a participant in
the CheckingNOW, class explained how she compared keeping cash in her pocket to money on her debit card. In doing so, she modeled the likelihood of certain outcomes:

The biggest thing that I have learned out of everything with my money is that I can not keep a lot of money in my hands because when I carry big sums of money on me, I spend it, period. And um, I'm more careful, like I have a debit card, I'm more careful on that... I write everything down and I add and subtract and all this. (6/26/06)

For her, the act of comparing each factor, keeping her money as cash or keeping her money on her debit card, allowed her to compare the outcome of using each factor. It helped her model her situations based on her mathematized factors. In other cases, modeling a situation involved mathematizing more than two factors in multiple combinations to explore more than two outcomes. While Shirley was explicit about the factors she compared and her thinking process for this decision, in many cases this mathematical work is tacit. When people engage in financial transactions their actions may be quick and, although not often shared verbally, the reasoning behind those actions is often complex. I found that individuals considered cost, time, convenience, and a myriad of other factors, some of which cut across individuals, while others were unique and personal.

The notion of mathematizing and modeling is relevant to financial decisions because it captures the many components that go into making financial choices. This dissertation has revealed that individuals consider a range of factors when making financial choices and these factors vary from person-to-person; in other words, each individual's financial choices are likely represent a unique combination of factors.

Universal factors. I have labeled the factors that are common across individuals, such as the cost of particular items as universal factors. For example, the price of a
service at a given location, like buying a money order, is the same for all people who enter the store. The range of available products, regulations about products and the cost of various products that can be presumed to factor into financial decision-making for most, if not all, individuals. Having knowledge about those factors alone does not, however, make an individual ready to make a choice.

*Personal factors.* Personal factors include factors that are unique to an individual. There was significant variation in the personal factors that influenced individual’s financial decisions. The more I spoke with participants in this study, the longer the list of factors became. Students in the welfare-to-work class described not being able to pay their bills in full each month and alternating which bills they underpaid month-to-month so that their utilities and other services would stay turned on. Students in both sites pointed directly at personal habits and experiences that led them to make the financial choices they made. Joe, a welfare-to-work participant, spoke of feeling that the risk of bouncing a check outweighed the convenience of using one.

Several students in both classes described that it was very hard for them to carry cash without spending it. Ayisha, a CheckingNOW student, differentiated between saving money for a goal, like her house, and keeping cash in her pocket: “with the money I save for my house that’s different. But with the actually money that I be holding onto and having, I’m ridiculous with it.” Similarly, Karen, from the CheckingNOW class, explained, “My hands is hot…when your money is in your hand, you hands be on fire or something like that, so, I’m really trying to work on that habit, but it’s really hard for me.”

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The individuals who were part of this research explained clearly the set of factors they considered when making choices about financial actions; these actions resulted in their participation in the mainstream, alternative or both financial marketplaces. As individuals described managing their money, they often spoke of lessons they had learned, strategies that did and did not work for them and personal circumstances that made it difficult for them to handle their matters in what would appear to be the most efficient way. These personal factors may or may not have applied to everyone, and if they did apply were often factored into decision-making in different ways or in different combinations.

The factors that emerged most frequently in my analysis were: monitoring bills – the amounts, due dates and the likelihood that utilities would be shut off; managing public benefits – this sometimes included re-submitting applications, negotiating with utility and service companies when bills could not be paid in full, and knowing which bills were negotiable; finding the least expensive and yet manageable ways to operate; interpreting financial information; negotiating with bank representatives; determining funds availability; caring for friends or relatives; and considering the impact of actions on one’s credit score or ability to secure a mortgage. This set of factors does not fall neatly into categories, and the factors often do not occur in isolation. Some of these are universal, like the existence of due dates for utilities, while others are personal like whether or not a utility might be shut off if a bill goes unpaid. This research produced no significant patterns that demonstrated which factors occurred together. It did however, suggest that factors changed, for example, if an individual lived near a corner store that
extended credit and at other times they did not. These factors represent personal realities that mediated financial decisions.

_Revisions to models._ When an individual changes her practices that individual assigns new values to their mathematized factors and those new values result in new outcome options. Several participants noted that they had trouble in the past managing a financial product that had initially seemed like a good choice, either because they used it an expensive way or because it did not work with the rest of the factors in their lives. The role that experience plays in determining future financial decisions cannot be underrated. Participants mentioned having bad experiences with credit cards, checks not clearing, and the difficulty of keeping cash when it was in one’s pocket. They then talked about adapting their financial choices to reflect those experiences. For example, after paying off $11,000 worth of debt over the course of six years, Joe vowed never to use credit cards again. In the definition of modeling offered by Lesh and Harel (2003), individuals _tested and revised_ their financial models when they experience unrealistic or overly costly outcomes; they re-thought (or re-mathematized) what had appeared to be cost efficient choices. Joe revised his use of credit cards. Similarly, Stephanie, who had trouble with checks bouncing, developed a system in which she would “go online and see how much is in there” (10/10/03) before she wrote a check.

_Flexible modeling._ It was apparent, especially in the welfare-to-work focus group interviews, that the way individuals managed their money was often connected to their ability to adjust their income and bills through a variety of strategies and negotiations. Some individuals had ways of “finding money” when they needed more in a particular month. Others had a solid understanding of which utility companies would work with
them, by offering grace periods or adjustments, when money was tight. These adjustments were an important part of individuals' personal factors and thus their financial choices. Individuals' processes for mathematizing the elements of financial decisions and conditions were ongoing and flexible.

In summary, the process of modeling financial matters entails mathematizing a set of universal factors and personal factors that dictate the likelihood of enacting certain behaviors. Once made, financial models that were developed from mathematizing a set of universal and personal factors often get revised based on experiences and changing circumstances. As was illustrated in Chapters IV and V, there was significant variation in financial models from person to person. The figure below illustrates the modeling process.

**Figure 6.1: Factors in Financial Decisions**

In Figure 6.1, a financial model is framed as a recursive relationship between the set of universal factors, like costs of products and the location of services, and the personal
factors that create the context for decision-making. Individuals can become familiar with the choice of products, the cost of these products and the range of associated products; these are considered the universal factors.\textsuperscript{40} The set of product-related universal factors are then considered in conjunction with each individual’s personal factors. This person-to-person variation aligns with the notion of bounded rationality, as defined by Iversen and Armstrong (2006), who suggest that an individual’s choices include a sphere of influence that strongly considers personal and relational factors that extend beyond the traditional notion of rational choice.

In the model above I have listed knowledge, goals and realities as examples of types of personal factors. By knowledge, I mean the knowledge about financial options as well as the knowledge about one’s own behaviors. By goals, I mean things that one hopes to attain or change that have a direct bearing on their financial choices. I have included goals, because in some cases, goals have a strong influence on financial behaviors, for example some students mentioned saving for a house as a goal. The realities of individual’s lives also play an important role as personal factors. In Laura’s case, she cited caring for her mother as an impediment to taking care of her financial situation quickly. She explained, “I have an elderly mother that’s ailing and she goes back and forth in and out of the hospital and I’m responsible for her care, so I was actually kind of like preoccupied by that lately” (5/8/06). These realities limited her ability to learn more about her options and about financial matters in general. The personal factors included in the diagram, which I have categorized as knowledge, goals and realities, are by no means

\textsuperscript{40} The structure of products may be inconsistent across neighborhoods. The focus group interviews revealed that money orders were free in some neighborhoods while they were not free in others.
a comprehensive list. The blank shaded spaces are intended to indicate the potential for other factors of influence. They also symbolize the flexibility and unstable nature of personal factors. For example, the likelihood that the gas might be shut off if a bill is not paid or the preference to pay by phone may influence an individual's financial choices. Individuals move back and forth between universal factors and personal factors in order to model their situations and make their financial choices.

The work in this dissertation serves to illustrate the important and intricate role that personal factors play in individuals' financial choices. Typical budgeting lessons, like the one in Mr. Green's class, often discuss income and expenditures—money coming in and money going out. What is missing from this account is the role that a myriad of personal factors play in individuals' decisions. Individuals' financial choices are driven by not only income and expenditures, but their goals, their knowledge about financial matters and options, knowledge of themselves and their families, the flexibility that comes from being able to negotiate their income, expenditures or both and the realities of their everyday lives.

Cases of Individual Financial Models

Participants in this study clearly described the factors and information that they use to make their financial decisions. This information was heavily influenced by their habits and the realities of their lives and income flow. Looking at the financial decisions of two students will illuminate how individuals, based on the relationship between a set of universal factors and their personal factor, enacted financial decisions. Summer was a welfare-to-work participant and Ayisha was a student in a CheckingNOW class. These two cases allow us to begin to see how the decision process and the model suggested
above cut across settings even though the content of the classes is quite different. In both
cases, it was useful to model individuals’ income flow, highlighting which aspects of that
flow were negotiable or sometimes flexible, as that shaped how they made financial
decisions. I used these diagrams of their sources of income and their expenditures,
because on a day-to-day level, that is how the interactions between universal and personal
factors, the financial choices, are enacted.

Summer

Summer kept all her bills in a folder and reviewed them in the morning over a cup
of tea. She lived in a house and had 12 children, some of whom were old enough to live
on their own. She paid all her bills by debit card but also wrote checks to reflect her debit
payments and as a record. Although she recognized that at times debit payments were
more costly than writing a check, she did not trust herself to mail a check and prioritized
on-time payments in an effort to repair her credit. When she could not pay her bills in
full, she called the electric and/or gas company and asked for a few days extension on her
bills. The father of her children offered monetary support and also took the children out
for meals and such on occasion. When she needed extra money, she sometimes rented out
rooms in her home.
The diagram above crudely represents Summer's income and expenses. The dashed lines indicate places in her system where there was flexibility or potential for negotiation. That is, Summer could take steps to make the amounts in those boxes greater or less at times. This is not to suggest that Summer could manage these amounts as she pleased, but that the work of managing her money entailed negotiation and adjustments as part of the process. Thus her financial model representing the way she mathematized her factors included adjustable elements that she kept track of monthly. Looking at her model under the lens of the financial decisions, it is apparent that a set of personal factors clearly influenced her financial choices on a monthly basis. This set included, as she described to me, the importance to her of credit repair, her ability to get informal child support from her children's father, her ability to negotiate with the utility companies, and the unlikelihood of her actually mailing a check even if she wrote it. This list is quite likely not comprehensive, but served to make the point that Summer's financial choices were dictated by a range of factors that were unique to her in their existence and in the importance she granted to them. This importance was reflected in her financial model.

As the case of Summer illustrates, there were realities in her life that made her situation differ from others. She had a relationship with the father of her children in which she got money from him without using the legal system. This was certainly not the case for other women. Beatrice explained that although she knew where the father of her children was, he could not be found for child support and was no part of their lives:

My kids' father is not in their lives...No they can't find him. But we see him all the time, but they [Child Services] can't find him. [Laughter]. But we chose for him not to be in our lives, because he's an addict and he's sick, so he doesn't need
to be around my children or us. Because he can't give them anything anyway, if anything he would take away.

In comparison to Beatrice, Summer's relationship with the father of her children gave her much more flexibility than Beatrice who described having no one: "I really don't have anyone, I just have me and my kids and we don't have no families, they don't have no grandma, no grandpa, no cousins, no aunts, no uncles, just me and my kids." Beatrice's only resource for immediate flexibility was the corner store that offered her credit when she was short on funds. In the next section of this chapter, I will examine the manner in which these elements and personal realities can or cannot be addressed in the classroom.

Ayisha

At the time of the interview, Ayisha was 26 years old, African-American and had a 5-year-old daughter. They lived in North Philadelphia with Ayisha’s mother, but Ayisha was trying to buy a home and move out. Ayisha and her mother shared the household expenses. She worked full time in retail and was paid weekly. Each week, Ayisha paid $5 to cash her check at the check casher and, to avoid spending that cash elsewhere, she immediately paid her bills using free money orders. Ayisha was in a first time homebuyer’s class and enrolled in the CheckingNOW class because a checking account was a requirement to secure a mortgage. For her future home, she saved $25 a week in a designated place in her home. She also planned to contribute her tax refund, which would include the Earned Income Tax Credit, to her savings for her new home. As described above, besides saving for a home, she had trouble keeping cash in her pocket. She looked forward to using a checking account to deposit paychecks and saving the money she was spending on cashing checks. However, she had no interested in writing
checks; she believed there was too much risk of checks being stolen. Before she lost her
checking account privileges she had not written checks. Figure 6.5 illustrates Ayisha’s
income and expenditures and the flexibility of each:

![Figure 6.3: Ayisha's Funds Diagram](image)

Ayisha’s experiences and personality clearly influenced her actions. Like many of
the welfare-to-work participants, Ayisha preferred to pay all her bills at once. Ayisha also
prevented herself from spending that cash elsewhere by paying the bills as soon as she
was paid. Her decision not to write checks did not cost her anything, the money orders
were free and convenient; they were on the same block as her job. Again, in Figure 6.5,
the dashed lines indicate some flexibility. Since Ayisha split the cost of her home with
her mother, there was some flexibility there. She also was able to contribute more and
less to her home savings depending on lump sum payments, like her tax refund. Although
Ayisha’s situation did not present as much flexibility or negotiation as Summer’s, it still
incorporated personal factors and goals that made her decisions unique. These factors
included that she did not trust checks as a form of payment, that she has convenient
access to free money orders, that she had trouble keeping cash in her pocket and that she
had a concrete goal of saving for a new home. Again, it is likely that this list represents
the factors she shared with me, not all of her personal factors.
Ayisha’s model at the time of the interview was slightly different than her model would be once she opened her checking account. But she clearly understood the implications of the new account and was going to use it to help her save. She was not, however, going to become someone who operated only in the mainstream financial sector. The use of free money orders was going to help her pay her bills efficiently and in a manner that allowed her to make sure she did not spend that money on other items. Although she did not state this, checks would not have allowed her that option since she would have had to wait for them to clear.

Both Summer and Ayisha represent individuals whose financial decisions require some unpacking. But once their personal preferences and experiences are uncovered, their models make a great deal of sense and are quite reasonable. It can be assumed that while many individuals make decisions that follow the “rational” model that only considers universal cost factors, there are many others who are making decisions that work well in the context of their lives as a whole, and these decisions may include costs or fees that are worth incurring given the trade-offs, like Summer’s phone payment fee in order to pay a bill on time. Summer and Ayisha both mathematized the factors in their financial lives and made models for how to make decisions that made sense for themselves. Summer’s credit was more important than not paying a fee to pay her bills. Ayisha’s savings for her house were programmed into her routine. They both developed systems of managing their money that incorporated their priorities, goals and personal habits and they clearly demonstrated the role that personal factors play in money management. Their models relied on “their own way of thinking about a problem” (Doerr, 1995), and in this case, the problem was their financial matters. This dissertation

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suggests that considering how to incorporate the personal element is critical when thinking about the role that financial education can play in helping individuals make efficient and reasonable choices that will help them save money.

Examining the Curricula Through a Financial Modeling Lens

The analysis presented in this chapter points to the important role that personal factors play in determining financial decisions. I now turn to examine how, at each site I observed, classes took into account or failed to account for such factors. I also consider the role the teacher took in each classroom and how financial markets (alternative and mainstream) were framed. I have paid particular attention to the type of modeling (exploratory or expressive) that was suggested. For the purpose of this chapter I focus primarily on the curriculum as it was enacted in the CheckingNOW and the welfare-to-work classrooms. Since I had access to the written curriculum for the CheckingNOW class, I will occasionally refer to it, but the commentary will tend towards the enacted curriculum.

Examining the participants' decisions and reasoning in light of the curriculum as it was enacted in the classroom is a luxury I have as researcher. The benefit of this luxury is that I can use it as a lens to examine and critique methods and approaches used in the classroom from the perspective of what the participants brought to the situation. In doing so, I recognize that my unique perspective and role as a researcher gives me the ability to critique this difficult work that is done by others.
The Models Presented in Financial Education

Drawing on the work of Joan Bliss and others, Doerr (1995) distinguishes between exploratory and expressive models. Exploratory models are those that are ready-to-use, while the user constructs expressive models on their own:

*Exploratory models* are those models, which are constructed by experts to represent knowledge in some content domain. Learners typically explore the consequences of their actions within the boundaries of these content domain models... *exploratory models provide a way of asking if learners can understand an expert’s way of thinking about a problem.*  (p. 3, italics added)

Model building (or *expressive models*), on the other hand, provides learners with the opportunity to express their own concepts and to learn through the process of representing their concepts, defining relationships, and exploring the consequences of those relationships... *expressive models provide a way of asking if learners can understand their own way of thinking about a problem.*  (p. 3, italics added)

Although Doerr’s work is situated in the classroom and focused on teaching students about mathematics, it can be easily applied to modeling financial decisions. In particular, it is a useful way of framing a discussion about the models used in financial education classes to describe the decision-making process. It also provides a context for thinking about the potential role for universal and personal factors when modeling financial decisions. As individuals mathematize their personal factors, they are “defining relationships, and exploring the consequences of those relationships” (Doerr, 1995, p. 3).

In both sites I studied, a major focus of the lessons was on exploratory models for money management, and more specifically, the mechanics of a money management processes. This focus was often employed at the expense of expressive modeling, or the incorporation of the realities of individuals’ personal factors into models in meaningful ways. In the CheckingNOW class, the focus was on the mechanics of opening and managing a checking account. In the welfare-to-work setting, the focus was on the
mechanics of tracking one’s spending. The mechanics of both of these procedures are undoubtedly important elements of money management for some individuals, but systems of money management can vary significantly from person-to-person.

Both of the programs I researched placed a substantial emphasis on the assumption that students needed to learn a skill. The skill would allow participants to either maintain a checking account, or make more informed decisions about how they spend their money. In both cases, the assumption was that the participants did not know “how” to manage their money. Furthermore, once they knew “how,” they would be able to enact new practices that could help them handle money more effectively. Students landed in Susan’s classroom because they had mismanaged their checking accounts in a range of ways. Susan’s statement, “what I’d like them to walk away with better record keeping,” reflected an assumption on her part that the financial health of students in her classroom would be improved by the set of skills she offered. Mr. Green was concerned with the manner in which his students were allocating their scarce resources. He felt that if he could help his students see where their money was being spent, they could reallocate some of it to savings or other bills. Both money management tools were presented as if they fit easily into one’s life and could be used by anyone. However, both teachers presented a static system for money management, and exploratory model, that ignored the role that personal factors play in money management systems. Susan assumed all students wanted to write checks. Mr. Green framed budgeting as using a worksheet. In both cases, financial decision-making was oversimplified.
In the CheckingNOW classroom, the goal of the class was to put students in a position to choose the account that was right for them, given their needs, and teach them how to manage it well. Students would leave the class in a position to obtain a bank account that they would use and not lose. An underlying message was that to maximize one's savings potential and to operate in the best way for one's community, one should operate in the mainstream financial sector. As Susan taught the class, the content and delivery echoed the messages above. To analyze the way she accounted for the universal and personal factors of financial decisions, it was helpful to separate the class into two components: how she taught students to choose an account and how she taught students to manage an account.

Choosing an account. Susan presented the following model for choosing a bank account, as illustrated in Chapter 4:

**Figure 6.4: CheckingNOW Choosing a Bank Model**

This model clearly accounts for personal and universal factors, although the role of these factors play in the process is uni-directional. The model offered in the first section
of this chapter (Figure 6.1), which is based on my analysis of the participant data, described a recursive relationship between universal and personal factors. As was discussed in Chapter IV, Susan recognized the importance of personal financial preferences and encouraged students to think about how they wanted to use their accounts. She did not, however, offer students the chance to share their preferences and realities, as was suggested by the written curriculum. As I argued, not sharing these preferences limited the participants’ ability to make sense of the newly offered concepts.

The above model does not ignore personal factors, although it does over simplify them. It is an exploratory model, in that it walks individuals through a process and leaves little room for individuals to “defin[e] relationships.” Susan directed students to think about their situation, collect information and learn about banks and then make the decisions that were right for them. Susan did not discuss the negotiation between personal and universal factors that takes place as individuals make financial decisions. Michael demonstrated that it is not always possible to find a bank that meets all of one’s needs; he wanted overdraft protection, but chose a bank that did not due to its convenient location. The process of choosing an account must involve some flexibility; that flexibility was not discussed or demonstrated in the classroom.

The lack of flexibility in this model may make it hard for students to use. It is not, in fact, uncommon that individuals do not find a bank that fits their needs; some students came into the classroom as part of a first time homebuyers program and typically only had the option of dealing with one account. It is also worth noting that Susan’s push for participation in the mainstream financial sector did not allow students the choice to participate in the alternative sector in cost-efficient ways.
A second major assumption of Susan’s model was that students would be able to obtain and read bank documents in ways that were meaningful to them in light of their preferences. These documents are typically somewhat hard to decipher and understand; minimum balances, specific exceptions and fee structures are complicated to read, let alone understand. Susan did not teach students the skills needed to discern what information was relevant and importantly, she did not mention during her class that this process might be difficult. The implications of this were that Susan assumed that universal factors such as prices, fee structures, and account types and availability were going to be understood and appropriately factored into decision making by all of her students. Less explicitly, the text and therefore Susan assumed that students had high reading levels and good comprehension skills needed to extract this information from the documents. If this assumption were not valid, her model would be too hard to use.

Money Management. Susan offered a specific model for money management. Her exploratory model, however, was not very flexible. She stressed the importance of using the check register and monitoring all checking account activities in the check register. She emphasized that using this method effectively allowed a person to know her balance at all times. While the use of checks and the check register are effective ways to manage one’s money and can lead to a successful and healthy banking relationship, it is not the way everyone manages their money. Several students admitted in their interviews that they had never used a check register before, and that they were not sure they would start using one with their new account. The introduction of a detail-oriented system is not always easily incorporated into one’s life. A requisite of the class was to pass the minimum competency test before leaving, a test of knowledge. This test included the use
of the check register and writing a check. Thus the class was designed to make sure that particular skills were imparted to the students. However, the participants in this dissertation suggested that there is more than one way to manage one’s money, and systems that people have developed one their own are equally effective when dictated by a set of personal factors that helps them define what is financially realistic.

The Role of Personal Factors in Mr. Green’s Budgeting Lesson

Like Susan, Mr. Green introduced a concrete tool for money management to his class in the welfare-to-work program. This exploratory tool required students to record their every transaction and monitor their spending. The layout of this management system was different from the one in Susan’s class and did not require mainstream financial participation. But it required similar attention to detail and also lacked flexibility.

Mr. Green’s money management tool addressed the issue that participants may not be able to pay their bills in full. However, Mr. Green did not recognize that many people in his program already had working money management systems. He also omitted discussions of the additional factors that were involved in money management for these individuals. He recognized that they sometimes adjusted their income flow through their “sponsors,” as he called them. He did not mention the other ways they had of finding money, nor did he talk about the negotiation work that is required when one can’t pay bills at all or in full. During the focus group interviews, the participants in his program repeatedly mentioned they had regular communication with the utility companies and other billing agencies and that this was a major part of managing their funds. In general, he did not recognize the set of personal factors that were negotiated by these participants each month as they managed their money.
Looking Across Both Curricula

In the case of both of these classrooms, the teachers presented exploratory tools to their students. However, the participants in this study showed that the introduction of new tools did not drive a change in behavior. For example, while Joe understood how checking accounts worked and that it was possible to manage them such that they would not be overdrafted, he did not trust himself to do that. And while he tracked his spending and understood his expenses, he did not do so in the way Mr. Green suggested and did not seem interested in adapting his functioning system. His experiences and personal preferences, the universal factors, such as the cost of checking accounts, along with his unique set of personal factors, drove his management system and his financial decisions.

The participants in this research shed some light on the curriculum that is used and the information that is presented in these classrooms. Absent from the CheckingNOW class is any recognition that although all the people in that class are there to open checking accounts, not all of them want to write checks. While Susan informs the students about paying bills online and suggests to students that they pay bills from their bank website, thus maintaining control over the transaction, she still recommends that they monitor their transactions using the check register. Thus, students can personalize their bill payment technique, but according to her, personal factors would not enter into their money management systems; the check register is the only option.

Susan and Mr. Green presented their students with exploratory models and students were asked to stay within the “boundaries” presented by their models. In this case, boundaries represented formats and behaviors linked to using their tools. The participants in this study, on the other hand, described developing expressive models for
themselves, ways of making financial decisions that clearly reflected “their own ways of thinking about a problem” (Doerr, 1995). Thus, what was missing from both classes is the recognition that an understanding of what it takes to manage money, for each individual, drives individuals’ financial choices. That is, the personal factors – the things they know they can do, will do, have done and want to do – combined with their understanding of their available financial options, are used to choose products and systems that will optimize the chances that they can manage their finances in a way that works best for them. In the case of the welfare-to-work classroom, these decisions were very important because the cost of making the wrong decision was dire – they could lose their heat, water or apartment.

**Discussion**

The dissertation brings into serious doubt the validity of the assumption that some scholars make with respect to the “knowledge deficiencies” (Zhan et al., 2006) of the poor that they claim result from their “limited access” to mainstream financial resources. Or, as the Federal Government suggests, low-income individuals, with education can be “empowered to be better shoppers” (Office of Financial Education, 2006). In fact, my findings suggest just the opposite: many low-income individuals are making informed decisions that make a great deal of sense given their lives, resources and preferences. The overwhelming message from the participants in this study is that personal factors and individual behaviors play a critical role in financial decisions. Financial education as a way to help individuals manage their money and make financial choices must begin to incorporate what we know, not only about how people behave, but also about why they
make certain choices. Furthermore, educational opportunities must leave room for significant variation and expressive modeling.

In thinking about individuals as decision makers and by categorizing their financial decisions as mathematical, the role of mathematizing is critical. As people make financial decisions, they take into account the costs and benefits of certain behaviors and determine their interest in those behaviors given the likelihood that they will actually enact those behaviors. While this is not necessarily a conscious mathematical activity, the process of mathematizing factors and making a model is useful way of examining the situation since it highlights individual differences. These data strongly support the fact that individual differences in financial decisions matter, and that many of those differences are well informed and driven by individual priorities, preferences, and realities. In the next chapter I will conclude by offering suggestions for ways that financial education can use the model in this chapter to take into account the personal nature of financial decisions while still offering useful classes and tools to the students in these classes.
Chapter VII: Conclusion and Implications

The analysis in Chapter VI suggested that making financial decisions could be viewed as mathematical acts that can be modeled to highlight the relevant factors that dictate one’s choices. The components of financial decisions are a set of universal factors that remain relatively constant from individual-to-individual and a set of personal factors that vary significantly across individuals. Individuals’ financial choices and the information that informs those choices are not stable. As individuals consider the components that are relevant to their financial matters, they mathematize these factors, or assign them a particular weight or level of importance. By putting together all the mathematized universal and personal factors, individuals make models that allow them to make financial decisions. As elements of their lives change, new factors become relevant, old ones are eliminated and ultimately, their models are adjusted, financial decisions change as well. Importantly, this process is not always explicit or verbalized.

In Chapter II, I reviewed how the United States government and researchers frame the need for financial education. In many cases, low-income individuals were described as in need of financial education to help them make better choices. For example, Jacob, Hudson and Bush (2000) described individuals who were in need of financial education as “likely to pay more than they have to for financial services, fall into debt, damage their credit records, and over-invest in some financial products while under-investing in others” (p. 7). The 2006 report that documented the United States National Strategy explained that financial education efforts could “empower consumers to be better shoppers” (p. v) and to “understand and select the products and services that
best suit their needs” (p. vii). The participants in this study demonstrated that their experiences, knowledge and strategies were employed in service of making well-reasoned financial decisions. The Government Accounting Office critiqued the National Strategy, by saying “In general, the strategy neither sets clear and specific goals and subordinate objectives for what it seeks to achieve, nor does it set priorities or performance measures for assessing progress.” In light of the data presented in this study, I suggest that those in charge of devising and evaluating the National Strategy should shy away from “specific goals and subordinate objectives” that frame the purpose of financial education as obtaining particular skills and knowledge. The research conducted in this dissertation demonstrates that many individuals already have structures in place to make financial decisions and manage their money. While this research stems from participants in two settings, a broader investigation is warranted and could support a reframing of the manner in which financial education is constructed and conceived. The outcome would be financial education efforts aligned with the assumptions made by policymakers and educators’ about participants’ knowledge.

The examination of financial education curricula, in light of this model of financial decision-making, revealed that classes tend to present singular and stagnant models for money management. These models rest upon the assumption that individuals need tools or systems to manage their money better, and that such tools will decrease the chances they will make mistakes or poor choices. The students from the CheckingNOW class and the welfare-to-work agency stressed the importance of making financial choices and developing management systems that reflected their personal constraints and realities. Financial education, particularly in the case of the CheckingNOW class, served
as a good reminder of things they already knew, but did not necessarily offer much more than that. The analysis in this study calls into question both the curricula and the methods of teaching that are used in the financial education classes observed. It also raises questions for policy makers about the role that financial education can play in poverty relief.

As policy makers turn to financial education as an asset-building tool, they must be realistic about the extent of the impact it can have. As this research has illustrated, often welfare-reliant individuals do not struggle from poor management skills as much as they do from having limited funds. They can manage what little they do have well, but it often simply isn’t enough to make ends meet. Roberta Iversen and Annie Laurie Armstrong (2006) have illustrated the difficulty of moving from welfare to work and the multiple factors that must be aligned to make a successful transition towards self-sufficiency. They conclude that “To be effective for career navigation and advancement, the workforce development system and related local networks will require a construction of sustainable networks of training institutions, community-based health and human organizations, firms, policymakers, and children’s schools” (2006, p. 118). Similarly, David Shipler describes the complexity of being poor and the difficulty of maneuvering out of poverty:

How to define the individual’s role in poverty is a question that has shaped the debate about welfare and other social policies, but it can rarely be answered with certainty, even in a specific case. The poor have less control than the affluent over their private decisions, less insulation from the cold machinery of the government, less agility to navigate around the pitfalls of a frenetic world driven by technology and competition. Their personal mistakes have larger consequences, and their personal achievements yield smaller returns. (2004, p. 7)
Shipler and Iversen and Armstrong argue that poverty initiatives need to be better funded, better integrated and more comprehensive. Considering the research conducted by Shipler and Iversen and Armstrong, it is critical that financial education not be used in lieu of other poverty-relief measures; instead, financial education must be constructed such that it reflects the realities of making financial decisions and the role that it has the potential to play in moving individuals from poverty to financial well-being in tandem with other support efforts.

This study has raised questions about the role that financial education does play, can play and should play in the lives of low-income individuals. As the scope of financial education is broadening to include K-12 efforts and mandated financial education for bankruptcy filers, we must think realistically about how we can craft these efforts to draw on what students know in order to build their financial understandings in ways that expand their options. Simultaneously, it is important to be realistic about the purpose that financial education can serve. We must remember that financial education is not a one-size-fits-all effort. Instead, these efforts should address the uniqueness of personal factors in financial decision-making and the range of positions along the self-sufficiency continuum that affect considerations about financial products. As financial education moves forward, it will be important to consider the audience, the teaching methods, and the content in order to develop a range of curricula.

This research can serve as a starting point for discussions about examining education based social policy initiatives through an education lens, in this case a curriculum theory and enactment framework. Examining financial education by looking across curricula as it is written, enacted and experienced can make visible some important
disconnects between the intentions of the designers and the resulting educational experience.

While this dissertation has focused on the micro-level, the students in the classes and their actions and understandings, the macro-level including government policies and financial structures cannot be ignored. This dissertation has focused primarily on only one portion of the alternative financial market, it is necessary to be aware of the other portion of that market, the more predatory portion, and the limited role that education can play in that sector. The findings from this study have prompted several concrete suggestions for financial education classrooms. These include teaching strategies, consideration of the students' lives, and specific suggestions for content. In light of what the participants in this study have shared about their decision-making processes, a re-examination of some of the explanations used to describe the need for financial education is warranted. I conclude with suggestions for K-12 education and future research on these issues.

Financial and Governmental Structures

Government entitlement programs increasingly refer to “personal responsibility” when discussing the financial choices of low-income people. In Pennsylvania, those receiving cash assistance must sign an “Agreement of Mutual Responsibility” that states that “they will work towards self-sufficiency.” Critical to moving out of poverty in most cases is the ability to build assets. As discussed in Chapter Two, the ability to build assets is contingent on having mainstream financial relationships. However, because of the way that banks have structured their fees and services, banking relationships are not advantageous for most welfare recipients nor were they for some of the CheckingNOW
students who were out of work. The overdraft fees, the minimum balance fees and other account fees make such mainstream banking relationships unattractive. At the same time that the government emphasizes personal responsibility, the government does not intervene to mandate that banks lower their fees or offer special accounts for low-income individuals. Because they have no legal mandate, nor financial incentive to do so, banks do not create accounts or services that are attractive for low-income individuals or that could help them move into mainstream financial services in a cost efficient way. Instead, banks provide the loans that back alternative financial services, the very services that border on predatory practices and target low-income individuals. It is in many ways the structure of banks and the lack of government policies to assist those trying to move out of poverty that can make taking "responsibility" quite hard at times. In fact, in many cases, the most responsible choice for low-income individuals is to operate outside of the mainstream financial market, making themselves appear to policy makers as "irresponsible" or like they are making "poor choices." To really examine financial education and asset building programs, the rhetoric around personal responsibility must be interrogated in light of the actual options, costs and realities of maintaining a mainstream financial relationship when resources are low and costs are high.

Financial Education for Predatory Services

This study revealed that the alternative and mainstream financial markets provide sets of products that perform similar functions for their customers. Individuals can use checks or money orders to achieve the same purposes; they can cash checks at banks with or without bank accounts; and they can use prepaid debit cards for public benefits to
make purchases in the same way that bank debit cards allow users of mainstream markets to do so.

Making financial choices includes making choices between these products. Looking across these data, it is apparent that individuals make financial decisions that are informed by personal considerations. Although there are universal factors that can be presumed to apply to all individuals, the factors that are relevant in one individual's financial decision may not be the same as those for another individual. In addition, individuals do not operate in only one financial market; they often negotiate multiple financial markets.

This dissertation focused on the role of the alternative and mainstream financial sectors in the participants’ lives, but in doing so, it focused on only a small section of the alternative sector. Recall from Chapter II that there are other alternative financial products that border on or are predatory. These products include payday loans, subprime loans and high interest rate credit cards. The classes I attended and the interviews I conducted did not focus on this type of product. This does not mean that the population I studied did not use these products; rather, they were not a topic that was addressed directly in the research interviews. Concerns regarding the wealth depleting effects of these products are valid. Additionally, the regulations on payday loans vary from state to state. The Consumer Federation of American reported that 37 states and the District of Columbia have authorized payday loans, while 11 states “retain usury or small loan rate caps and have not enacted payday loan authorizing legislation” (Fox & Woodall, 2006, p. 20). The Center for Responsible Lending (2007) reports that, “Subprime loans made during 1998-2006 have led or will lead to a net loss of homeownership for almost one
million families” (p. 1). They explain that, “lax underwriting practices, dangerous loan products, and a disregard for affordability have set up vulnerable homeowners to fail” (p. 1). While the distinction between subprime and predatory can be blurry at time, recent press on the subprime lending market has raised questions about the validity of the assumption that homeownership is an asset-building tool for everyone. The increase in delinquency rates on subprime loan payments (Pender, 2007) have raised questions about the appropriateness of home purchases in the first place, since as borrowers get further behind in their payments the likelihood of foreclosure increases.

While this was not a focus of my research, I would argue that regulation of predatory subprime and payday loans would have a stronger effect on limiting the negative effects of these products than education efforts would. I say this in part because I suspect that many people seek education on these products once they have already gotten into troubling financial situations, some of which may stem from predatory practices. Regulations would have a greater chance of preventing the ill effects that can be caused by using these products than education can. In addition, the variation in state-to-state payday lending regulations would necessitate unique curricula. Later in this chapter, I discuss the role of financial education in K-12 math education, which includes education about loans and, more specifically, credit cards.

**Education Lens**

Across the United States there are an enormous number of financial education efforts. They target a variety of populations and are delivered in a number of ways: one-to-one, online, in small groups, by employers for employees, and in large lectures. This dissertation uses existing research in the field of education to examine the alignment
between curricular intentions and actions. In doing so, it emphasizes the importance of understanding the population served, the manner in which participants are making financial decisions and the reasoning behind those decisions. Organizations must be clear and explicit about their goals for their financial education efforts, their assumptions about the individuals they serve and their understanding of how financial education will serve those individuals. They then must examine their efforts to make sure these elements fit well together, and they may need to make appropriate modifications if there are disconnects.

Theories about models of teaching and learning can contribute greatly to social policy work as well. Discussions about the goals of a curriculum and the assumptions about the individuals in the class are closely linked to ideas about what teaching should look like and how learning occurs. The structure of a classroom, which includes, but is not limited to, the way it is set up, the lesson design, the teaching methods and the role of the students, is informed by implicit or explicit theories of teaching and learning (Collins, 1996). The manner in which the content of the class is presented and the role of students in the classroom have implications for students’ opportunities to learn (Klein, Waddell, & Remillard, 2004). The research on opportunities to learn places heavily emphasis on the role that classroom norms, which are developed over time, play in dictating students’ and teachers’ roles and actions. In financial education settings, the work of developing norms is expedited or complicated by single-session meetings or person-to-computer interactions. The task of considering the teaching and learning theories in these contexts can be more complicated and difficult but is equally if not more important. The following
section illustrates some concrete suggestions for improvements to the particular courses I observed based on considerations from an education perspective.

Classroom Suggestions

By looking at what happened in the classroom, the material that was taught, how students responded, and the role that the teacher and students played during the class I was able to catalogue the content that was presented and the manner in which it was taught. Through student and focus group interviews, I collected data that allowed me to compare the messages in the classroom to the realities of students’ lives, and their perspectives on the class. Using this analysis, I present suggestions for ways that the classroom lessons can incorporate the reality of personal factors; a realistic presentation of checks and check registers; the role of technology and online services; bank documents; and personal decisions. Some of the suggestions below are specific to the CheckingNOW class while others cut across both classrooms.

Incorporating personal factors. As highlighted in Chapter VI, the role of personal factors in financial decisions is mostly omitted from these classrooms. In the CheckingNOW written curriculum, activities that involved considering one’s personal factors were suggested, but those activities were not enacted in the classroom. Mr. Green, the instructor of the welfare-to-work classes, did not facilitate such discussion in his classroom either. Mr. Green was open about how participants may spend their money (even in the cases when it was illegal) and created a classroom atmosphere with space for students’ voices and opinions. But, in his budgeting lesson, he did not solicit students’ strategies for money management or a discussion of how they made choices about which bills to pay. Based on the data collected during the focus group interviews with the
welfare-to-work participants and the interviews with the CheckingNOW students, it
seems reasonable to conjecture that students could learn a lot from each other about
different money management strategies that correspond to various lifestyles, goals and
habits. In fact, in many of the focus group interviews, these topics sparked conversations
between the participants in which information was shared and practices were affirmed. I
suggest that financial education curricula should place an emphasis on incorporating the
realities of individuals’ lives into their lessons by making the classroom into a space in
which individuals share their practices. As individuals share their situations,
considerations and strategies, both the teacher and the other students will learn. By
shying away from introducing exploratory models, teachers could instead express the
importance of designing one’s own expressive models. Teachers could also help students
consider their own personal factors and teach students how to make expressive models
for financial decisions. Financial education classrooms could be a space in which
students examine their existing expressive models to help students consider how to
rethink their models to optimize savings or work towards other goals.

The teacher can still include providing information about the legal regulations that
banks and other financial institutions are required to or are prohibited from
implementing. They can also share information about local options and what they deem
to be better versions of particular products or services. Teachers should not, however,
assume that all the students in the class are making their financial decisions in the same
way, using the same information or will come to the same conclusion.

*Use of checks.* A second major theme that emerged from both the focus group
interviews and the CheckingNOW student interviews was that the use of checks creates a
situation in which an individual puts his or her bank account balance into someone else’s hands. Writing checks, then, makes money management even harder. Financial education classes need to address this reality. Importantly, given the technology available today, there are ways to bypass writing checks while still paying bills in a cost-efficient fashion. Teachers should discuss the role of the debit card as a payment tool and the fact that free or low-cost money orders, if convenient, can be a legitimate option for bill payment.

New technology. The CheckingNOW class relied on the check register as a means of keeping track of one’s balance. Online bill payment was suggested, and some of the risks associated with such payments were highlighted. Online banking, however, as a means of keeping track of one’s balance and monitoring one’s spending was not addressed. Given the prevalence of online banking, it would make sense for this curriculum to be updated to include information not just on the existence of online banking, but to model how to pay bills and how to monitor one’s transactions. While Susan, the CheckingNOW instructor, stressed the importance of reconciling one’s statement with her check register at the end of the month, she did not point out that this can be done more frequently with an online register. Conversation with the participants in this class revealed that some individuals were in fact using or planned on using online banking. Rather than keep track of everything in one’s check register, an individual could keep track of his ATM and debit receipts and check them against his online statement whenever he wants. In stressing the use of the check register, Susan ignored the reality that there are other ways to keep track of one’s balance and that some students in her classes intended on using these methods.
Bank documents. An important component of Susan’s model of how one chooses a bank account involved collecting and reading bank documents, their fee schedules and account policies. She did not, however, acknowledge, or perhaps even recognize that the documents are difficult to read and understand, especially for individuals whose education has taken place in under-resourced, low-performing schools. I suggest that a fruitful activity would entail sharing real bank documents from local banks with the students and creating an exercise in which students are assigned to figure out the costs associated with different types of accounts. This type of activity is both useful and empowering. It would help students feel more confident when they collected documents from banks or confirm that they do in fact know how to read such documents. In addition, this activity could include a discussion about the costs of particular accounts and services as well as reasons that such accounts would or would not fit into students’ lives, given their personal factors.

The difficulty of understanding these documents must be placed in a realistic context, which recognizes that, the reading and mathematical skills of today’s adults, particularly welfare reliant adults, are not always strong. A 1997 report stated:

One Third of welfare recipients are functionally illiterate. They struggle to perform the simplest of reading, writing and quantitative tasks – e.g. completing a job application or bank deposit form. Another third of this population possess marginally better reading skills, still unable to perform many basic job-related tasks. (1997, p. 3)

Similarly, the American Institutes for Research reports, “35 percent of all U.S. students are scoring ‘below basic’ on the National Assessment of Educational Progress” (2006, p. 1). Although this report reflects younger learners, it can be assumed that the adult population reflects these numbers or soon will. For those whose reading and numeracy

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levels are low, we will need to think creatively about how to address this issue. Financial education that relies on interpreting information and conducting cost-benefit analysis can be quite challenging with weak literacy and numeracy skills.

*New products vs. existing products.* One distinction I feel is important to make is the role that financial education can play when introducing new financial products. Since financial literature is typically quite dense, in-person education around new products or services can play the role of making that material more transparent. A nice example is the re-loadable prepaid debit card. It is a relatively new financial product that is targeted primarily at the unbanked, underbanked and immigrant market sectors (Karger, 2005, p. 60). This product works like a bank debit card, but is not connected to a bank account. It typically has a major credit card logo on it that makes it useable anywhere that credit card is accepted. Users can load money on their card through direct deposit or at specific loading locations. There are many transaction related fees associated with these products (e.g., initial fees, monthly fees, ATM use fees, inactivity fees) and the amounts of these fees range greatly from card to card. With respect to financial education, a major goal could be to make users and potential users aware of these fees as they sign up for the card and to provide options for how to use these cards inexpensively. By making the fee structures transparent, the user can make up his or her mind as to which fees are reasonable for him or her to incur.

First-time homebuyer programs are a nice model for thinking about the timing of financial education for new products or financial relationships. They typically offer participants information on saving for a home, the various kinds of loans and mortgages and other related financial topics related to home purchases. Because these programs are
offered before or at the same time as the home purchasing process, the teachers can offer relevant information in a timely fashion.

An existing program that combines financial education with asset building is the Individual Development Account (IDA). IDAs are matched savings accounts that are designed to help people save toward goals. As participants deposit money into their accounts, the deposits are matched by the sponsor organization at a given ratio, for example 1:1 or 2:1. The accounts are typically offered based on an income criteria and the funds can only be spent on certain types of expenditures. The specific expenditures vary by IDA program, but tend to include investments in human or physical capital, for example, home purchases, self-employment, or post-secondary education. To participate in an IDA, one must also participate in financial education, “people are not assumed to know how to save money nor to know the consequences of saving” (Schreiner et al., 2000, p. 6). When involved with some IDA programs participants set goals and receive monthly feedback on their status with respect to those goals. IDAs are designed to account for both the financial needs of low-income families as well as the psychological and behavioral factors that are often not accounted for in rational models of saving and asset-building (Schreiner et al., 2000). IDAs are gaining prominence in many states and are funded by the federal and state governments and by private foundations. Those who are developing financial education in programs that have regular contact with participants should look to the IDA programs to learn about the success of these efforts when introducing and advertising a new product.
The call for financial education extends beyond adult education. Many states are developing programs for K-12 education and are interested in teaching youth about money and money management. In addition, there is rising concern about college students and credit card debt (Karger, 2005) and increasing debt among 25-34 years olds (Draut & Silva, 2004). While the effort has been concentrated primarily on distinct financial education programs, I would argue that much of the content could be taught in math classes. As students learn about interest and compounding, rather than just looking at simple loans or bank accounts, they could learn to read a credit card statement. Once they understood the terms of the credit card (no simple task) they could calculate the interest payment for different scenarios. This real world application of mathematical concepts would address many topics that are included in state standards. There are a handful of math educators pushing for this type of real world application of math topics (for an example, see Gutstein, 2003) and I would push them to think broadly about the ways that financial education can be incorporated into their lessons.

Future Research

This study has only examined a small portion of financial education efforts that are being offered. There are many potential avenues for future inquiry that stem from this research. As my interest is in the connection between policy and practice, I think studies that interrogate the reasons for financial education by examining written policies as well

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41 For example, Massachusetts' efforts can be found at http://www.mass.gov/treasury/financialed.htm, and Pennsylvania's at http://www.moneysbestfriend.com/.
as curricular intentions will help the field to understand the areas in which impacts can be expected as well as those in which they cannot.

Bankruptcy Legislation

An area that is ripe for research is the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, a relatively new piece of bankruptcy legislation that mandates financial education for all bankruptcy filers. According to the Federal Trade Commission (2006), “A debtor education course by an approved provider should include information on developing a budget, managing money, using credit wisely, and other resources. Like pre-filing counseling, debtor education may be provided in person, on the phone, or online” (p. 2). Karger (2005) suggests that “if the designation of an ‘approved nonprofit credit counseling agency’ is based on the current [Credit Counseling Agency] CCA classification, debtors are likely to be subjected to deceptive practices and high costs” (p. 193). These guidelines are sufficiently vague to warrant further research into the “approved” providers, their forms of delivery and the content taught.

Credit Counseling

Another interesting area for research is credit-counseling sessions. To inform education efforts, it would be useful to know how individuals got into credit trouble and understand more about that process. A research project that involved observing credit-counseling sessions and talking with those in credit trouble could help to paint a more vivid, nuanced picture of the range of ways people are getting into credit trouble. Once that range is better understood, a combination of regulation and financial education could be crafted to protect and inform consumers.
Evaluation

The current literature on financial education programs has called for more evaluations and a collection of best practices. However, it is likely that a wide range of classroom practices is being enacted across the country under the label of financial education. Lyon, Palmer, Jayaratne, and Scherpf confirm this (2006):

The findings from this national study suggest that it is difficult to lay out a single approach to evaluating programs that vary in content, delivery method, and target audience...These disparities strongly suggest that a 'one-size-fits-all' approach to program evaluation is ill suited for measuring the impact of financial education on consumer decision making and economic well-being. Instead, a set of evaluation tools that is flexible enough to account for wide variations in programs may be a better option. (p. 230)

Before assessing programs, we must be clear about what the goals of financial education are, and be convinced that these goals are both appropriate and realistic. Lerman and Bell (2006) register concern about the accuracy of content being presented and suggest that this issue must be addressed before moving forward to mandate programmatic efforts:

Before doing more to promote or require financial education programs, we should develop ways to improve their effectiveness and their accuracy. Some questions on financial literacy tests are flawed - a warning sign about the material being taught. We should strive not only for effective teaching methods, but for content that is correct - not misleading - and that will lead to sound decisions about matters relevant to those taking courses (p. 4).

Lyons et al. (2006) conclude with the suggestion that rather than mandating a particular evaluation tool we should develop a range of evaluations tools that reflect the diversity in delivery methods and content. It is clear from the ongoing discussion about these topics that the group of researchers and teachers that study and offer financial education needs to continue their efforts to define the purpose and goals of financial education programs.
The purposes and goals must be situated in what we know about individuals' behaviors and financial reasoning strategies, which can be informed by research like that conducted in this study. The evaluations of such programs must be designed to capture relevant outcomes.

As policy makers think about the importance of financial education, they must begin to situate their work in the context of the current financial options available to low-income communities and a realistic portrayal of their actions. Problems, as framed by policy makers and researchers, include bad credit, lack of bank accounts and costly financial services like check-cashing outlets and payday lending. However, not all of these issues are framed as problematic by low-income individuals. For example, those without bank accounts who find free ways to cash their checks and purchase low or no-fee money orders might not be hindered by their lack of a checking account. It is important for policy makers and community groups that serve this community to develop a clear idea of what are considered to be problems, who is defining the problems, and in what areas people would actually like to change their behaviors.

This dissertation has demonstrated that the cost of maintaining a mainstream financial relationship is potentially too high for some welfare-to-work participants. The rhetoric around banking options for the poor highlights the high cost of the alternative financial sector while often ignoring the fees for bounced checks, overdrafts or not maintaining a minimum balance. If there is going to be an honest and productive conversation by policy makers, community groups and others about how to support asset building and mainstream financial services, there must be openness about the potential wealth depleting effects of having a checking and savings accounts.
In addition, "low-income" as a descriptor of one's financial status encompasses a broad array of individuals and families. Some low-income individuals are working, while others are on welfare or in the process of moving from welfare to work. Some have young children, some have older children, while others have no dependents. The variation in life stages and living styles of these individuals suggests the complexity of tackling an issue like financial education. Financial education cannot be framed as one curriculum and a broad-based effort to support financial education must take into consideration the variety of individuals' situations. Like any other classroom, the students in a financial education class bring their own unique histories and experiences and thus are likely to understand the financial suggestions within their own context.

This dissertation has offered one perspective on how individuals understand and enact financial choices. This process is complex and individualized in ways that make it hard to conceptualize educational settings in which people are told exactly what to do. By reframing financial choices as personal, we can reconceptualize financial education as a setting in which individuals are given information that can help them make choices and various models of choice making, but only in the context of making financial choices that work well for them and meet their own personal and family needs.
Appendices
Appendix A: CheckingNOW Teacher Interview Guide

Introduction:
1. Can you tell me a little bit about yourself and about how you became involved in teaching financial education?
   a. What did you do before you became a financial education teacher?
   b. How long have you been teaching?
   c. What are your other roles as the credit-counseling agency?
2. How long have you worked at the credit-counseling agency?
3. Do you or teach have your taught anything besides financial education?

Goals of the classes:
4. Can you describe the different classes you teach?
5. For each class, can you lay out the goals of that class for me? That is, what do you want your students to take away from that class?
6. Are their specific changes you expect students to undergo?
7. Do you have some way of figuring out if students have taken that away from the class?

Differences between the various venues in which they provide financial education:
8. I know that you offer financial education courses in multiple sites, can you talk a little bit about the difference between these sites – do your goals vary from site to site?
9. If so, why? Is it based on the students in the course?
10. Are there certain skills or ideas that it is important for everyone to know?
   a. What are they?
11. Are there certain skills or ideas that it is important for only some people to know?
   a. What are they?

Strengths/weaknesses of Curriculum:
12. Can you talk about the curriculum materials you use?
   a. Where do you get them?
   b. Do you alter them?
   c. Why?
   d. Can you talk to me a bit about what you like about the prepared materials?
   e. Can you tell me what you’ve changed about them? (i.e. class structure, length, etc.)
   f. Can you talk to me a bit about what you don’t like about those materials?
13. Are there any curricula that you looked over and did not choose?
   a. Why?

Important points/skills to get across to students in your classes:
14. Based on what you’ve told me about the curriculum strengths and weaknesses, it seems like you emphasize _______ in your class? Is this accurate? Is it the same for all the classes you teach?
15. Given what you know about the students you serve, what do you think are the most important skills/ideas that they should leave your class with?

**About the Curriculum and their Understanding of the Population they serve:**
16. Can you talk a little bit about what you think your students already know about money management?
   a. Does it vary from class to class?
17. Can you give an example of a piece of information that you share with your students that usually surprise them?
18. Can you describe what you think are the biggest roadblocks to achieving financial stability for your students?
   a. Why?
19. Are there problems that exist outside the classroom that you feel constitute significant roadblocks and might get in the way of achieving the goals of a financial literacy program?
20. Is there anyone who comes to your class who you think doesn’t need financial education? Or anyone that isn’t ready for it? How can you tell?
Appendix B: CheckingNOW Student Interview Guide

1. Have you ever taken a financial education or money management course before?
   a. If so, can you tell me a bit about that class?
      i. How did you find out about it?
      ii. Why did you enroll?
      iii. Was it free or did it cost?
   b. What was that experience like?
      i. What did you feel you got out of it?

2. Can you tell me about why you enrolled in this class?

3. Can you describe what you hoped to learn while you were in this class?
   a. Can you describe what you did learn?

4. What types of money or financial problems or strategies were you hoping would be addressed in this course?
   a. How will addressing those problems help you out?

5. Do you think your goals were similar to most of the other students that were be in this class? If so, why? If not, what do you think is different about your particular situation?

6. Can you describe you experience in the class?
   a. What was the class like for you?
   b. How did you feel about the instruction? Did it work for you?
   c. Would you have liked it to be different in anyway?
   d. Can you describe how you think you learn best?

7. Do you work? Can you tell me a little bit about where you work? (Full time/part time? How long have you been there? Do you have benefits?)
   a. Can you tell me about your educational background?

8. Do you have any children? Who lives in your home? Do you share the financial responsibility of keeping up your home with anyone?

9. What institutions do you use for your financial transactions? How did you choose that institutions? Do you have any concerns related to using that/those insitutions?

10. Can you describe your current financial situation?
    a. What are your current concerns?
    b. Which is/are most pressing?
11. How do you manage your money now?
   a. Can you tell me about a recent situation where you had to make a hard choice about money?
   b. Can you tell me about a recent situation in which you made an easy choice about money?

12. Can you talk a bit about how you think you learned about money and money management as you were growing up?
   a. In what ways did you witness your parents handling money or making choices about money?
   b. Did you learn anything in school?

13. Is there anything about your financial situation that you think is important for people teaching financial education to know that I haven’t asked about?

14. The focus of this class was on getting a bank account and managing it. Can you tell me a little bit about how you plan to enact what you learned in this class?
   a. Can you describe what types of support will need to be in place to make this a reality?
   b. Can you describe what might get in the way?
Appendix C: Welfare-to-Work Teacher Interview Guide

Introduction:
21. Can you tell me a little bit about yourself and about how you became involved in teaching at the welfare-to-work agency?
22. How long have you worked at the welfare-to-work agency?
23. Have you always been teaching the same class here at the welfare-to-work agency?

Goals of the classes:
24. Can you describe the two-week class you teach?
25. Can you describe the goals of that class for me? That is, what do you want your students to take away from that class?
26. What is the role/importance of the budgeting lecture within this larger picture?
27. Do you have some way of figuring out if students have taken that away from the class?

Curriculum:
28. Can you talk to me a little bit about your curriculum,
   a. Was it in place when you began? Did you develop it?
   b. Are there concrete materials – lesson plans, etc. that you use?
   c. What do you like about it?
29. More specifically, can you talk to me about the budgeting lesson plan?
   a. How did you develop it?
   b. Do you think students use it?

About the Curriculum and their Understanding of the Population they serve:
30. Can you talk a bit about what you think your students already know about financial management and budgeting?
   a. Can you give an example of a piece of information that you share with your students that usually surprise them?
31. Along the same lines, can you describe what you think are the biggest roadblocks to achieving financial stability for your students?
32. Are there problems that exist outside the classroom that you feel constitute significant roadblocks and might get in the way of achieving the goals of this program? Can you describe those roadblocks?
33. Is there anyone who comes to your class who you think doesn’t need portions of your program?
   a. Is there anyone that isn’t ready for it? How can you tell?
Appendix D: Welfare-to-Work Focus Group Interview Protocol

1. Introductions
   a. NAME (pseudonym or not), age, number of children, part of city where you live

2. Best thing someone has ever taught you about money? (WHO?)

3. Worst thing someone has ever taught you about money?

4. Can you share something smart you’ve done about money?
   a. Areas of your money you feel you handle well?

5. Areas that need improvement?

6. Best Purchase/Worst Purchase

7. Have you ever taken a class on managing your money or something related to money? Show of hands.
   a. Can you share something you learned?

8. Do you have a bank account? Or have you ever had one?
   a. If not, do you use other financial tools? How do you cash checks?
   b. If you no longer have one, what happened?

9. Do you have credit cards? Or debit cards?
   a. How much does it cost to have those cards?
   b. How do you learn about credit cards? Is the math hard?

10. How do you get money when you need it? From who?

11. What is your biggest expense? Most pressing financial concern?

12. Do you do any kind of budgeting? Details?

13. What will be different when you have a job?
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