Financial Capability and Asset Building

Project Overview

The Center for Social Development at Washington University in St. Louis (CSD) is fortunate to have support from Wells Fargo Advisors to undertake a three-year project (2012-2015) in Financial Capability and Asset Building (FCAB). This initiative builds on CSD’s definition of financial capability as both the knowledge to make optimal financial decisions and the access to appropriate and beneficial financial services. FCAB builds on CSD’s prior research, policy, and financial product leadership in asset building for the entire population. The aim of FCAB is to increase financial capability, particularly among low- and middle-income households and households of color. The major pathway for FCAB is to address the wide gap in professional training of practitioners who serve low- and moderate-income households.

Background and context. Social work, home economics, and other applied professions emerged during periods of economic and social strain. These professions were a response to rising industrialization and urbanization, which resulted in rapid economic and social change, creating greater rifts between rich and poor, native-born and immigrants, and people of different religious faiths (Addams, 1893b). Most of the problems encountered by early social workers and home economists resulted from poverty, and service to the poor dominated professional practice at the turn of the 20th Century.

As educational programs in social work grew, courses and publications focused on household economic life, including topics such as household earnings, budgeting, spending, and saving. Unfortunately, by mid-century, the focus on family finances was largely abandoned by both social workers and home economists. Home economists turned their attention toward homemaker practices such as nutrition, cooking, and sewing, and social workers shifted their attention toward psychological interpretations more than practical problem solving (Specht & Courtney, 1995).

Today, no profession adequately addresses financial capability of low- and moderate-income populations. Furthermore, no profession adequately trains practitioners to address family financial challenges on the scale required during an economic downturn. In the wake of the mortgage crisis, high unemployment, and rising inequality, the time is right for a revival and renewal of professional interest and commitment to financial capability.
Goals and strategies. In order to renew professional capacity in social work and other applied professions, CSD will work with many partners to develop curricula in Financial Capability and Asset Building. We will achieve this through multiple strategies:

- Engage with other universities, disciplines, and professions in research, innovation, and application for financial capability.
- Build evidence for professional training and professionalization of the social work profession in FCAB.
- Partner with Historically Black Colleges and Universities (HBCUs) and Tribal Colleges and Universities (TCUs) to ensure inclusion of culturally relevant and culturally competent FCAB topics in educational curriculum.
- Complete an evidence-based text on financial capability among low-income and financially vulnerable Americans that will serve as a resource for training social workers and other human service professionals.
- Communicate FCAB project learnings and promising directions to multiple audiences, in multiple formats.

Capacity and contributions. The Center for Social Development is known nationally and internationally for innovation, research, and real-world impacts in building assets among low-income populations. The FCAB agenda has been a strong interest. More than a decade ago CSD Director, Michael Sherraden organized and co-hosted with the National Endowment for Financial Education (NEFE) the first meeting on financial capability between Family and Consumer specialists—a diverse group with roots in the former home economics—and social workers (Rupured et al., 2000). Ideas discussed at this meeting built on work pioneered by Sherraden a decade earlier suggesting that ordinary families need both assets and financial knowledge in order to build their lives (Sherraden, 1991). Since then, CSD has engaged with researchers, financial institutions, and practitioners to define and generate evidence on financial capability (Hilgert et al., 2003; Johnson & Sherraden, 2007; Nussbaum, 2000; Sen, 1993; Sherraden, 2010).

Outlook and outcomes. The expected outcomes for FCAB will be increased professional capacity and commitment to Financial Capability and Asset Building work among social workers and other applied professionals. This will be evident in both curriculum development and professional practice. Successful innovations and applications—evidence of improving the lives of real people—will be fundamental outcomes.

Timing for this initiative could not be better. Spurred in part by emphasis on asset building by the poor (Retsinas & Belsky, 2005; Shapiro & Wolff, 2001; Sherraden, 1991), the nation has witnessed a groundswell of interest in financial capability among ordinary Americans (FDIC, 2009; US Department of Treasury, 2009). Following the Great Recession that began in 2008, there is now widespread understanding that ordinary Americans will need greater financial capability and asset building in the years ahead (Blank & Barr, 2009; Bucks, et al., 2009; Warren, & Tyagi, 2003; Wolff, 2002).
CSD is undertaking this work because we know it matters and meaningful progress is within reach. Placing financial capability and asset building on the national agenda will require strides in curriculum development, training, publication, dissemination, and policy development. The FCAB project enables this work to move forward.
References


