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The Working Poor: From the Economic Margins to Asset Building*

M. Janice Hogan,** Catherine Solheim, Susan Wolfgram, Busisiwe Nkosi, and Nicola Rodrigues

Data from 25 participants in the Family Assets for Independence in Minnesota (FAIM) project were used to identify factors that enabled these low-income wage-earning families to save money and build assets. FAIM, part of the Individual Development Account movement, is a pilot program for families with incomes \leq 200% of poverty to build assets. An analytic induction method was used to identify constructs from three waves of interviews conducted during 2001–2002. Our focus is on four of the eight major constructs that emerged: financial vulnerability, personal attributes, social support, and resource management strategies. Our findings provide evidence that low-income families can save money toward a goal in the face of hardships and become asset builders.

Living in poverty remains a critical problem for families in the 21st century (Seccombe, 2000). Setting the stage for significant change, Sherraden (1991), a leader and pioneer in the movement for Individual Development Accounts (IDA), proposed that a pathway out of poverty can come from a policy on saving and asset accumulation for low-income wage-earning families. He and his colleagues wrote convincingly that these families deserve the same opportunity to develop financial assets as do middle- and upper-income families who have tax subsidies such as 401(k) and SEP-IRA (Beverly & Sherraden, 1999). They proposed to extend the government benefits for asset accumulation to low-income families through IDA accounts. Sherraden (1991) believed that asset building would improve household stability, increase personal efficacy, enhance the welfare of children, and offer hope and risk-taking by families. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the “welfare reform” law) authorized funds to set up IDAs as leveraged savings accounts. Most of the resulting IDA projects have focused on three assets: home ownership, pursuit of higher education, and capitalization of a small business.

Major barriers prevent low-income families from developing financial assets (Sherraden, 1991). Their low-wage jobs seldom have health insurance, retirement plans, and other benefits, and often they do not have the education or training to qualify for higher wage jobs. This is particularly challenging in rural areas where there are few jobs with sufficient wage levels to support a family (Kratras, Dolan, Braun, & Seiling, 2002). The end result is that family income often hovers at the poverty level without options for upward mobility. Saving to build assets to move the family up the economic ladder becomes a near impossible task without an effective intervention.

Based on the IDA model, Family Assets for Independence in Minnesota (FAIM) was established by the Minnesota Legislature as an asset-building program for low-income families. As a

statewide pilot project for about 500 families, it was implemented in January 2001 and ends in June 2004. FAIM provides 3:1 matching dollars for working families who have an income \leq 200% of poverty to reach three goals: (a) buy a home, (b) start a small business, or (c) invest in higher education. The success of FAIM will be judged by how many families reach their goals. The program requires that families deposit up to \$30 monthly in a savings account at a participating local bank. It is matched with \$90 when they withdraw savings to invest in their chosen goals. Half of the match money comes from state and federal funds and half comes from foundations, the United Way, and other private sources. Twenty-three community action agencies, two tribal councils, a credit union, and a nonprofit organization for women’s new careers implement the FAIM program.

The purpose of the research reported here was to understand how low-income wage-earning families save money to reach their goals through the FAIM program. Specifically, we examined the strategies, barriers, challenges, and support that influence goal attainment. Our objectives were two-fold: to identify individual and family variables that support saving behavior and to inform policy development as it relates to IDAs.

A quantitative evaluation study of participants’ savings deposits is being conducted to measure FAIM outcomes (Grinstein-Weiss, Schreiner, Clancy, & Sherraden, 2001). The qualitative research reported here was planned to complement the quantitative study and to better understand the savings behavior of low-income working families. More importantly, qualitative data can reveal ineffective program procedures and capture variable nuances. For example, income typically is reported in quantitative terms as money earned and does not include economic exchanges and transfers from family and other informal networks. Findings from both the qualitative and quantitative studies will be used by the legislature to evaluate FAIM as a long-term economic development policy.

Review of Literature

A review of the research on asset-building programs indicated that IDAs provide a structure within which low-income participants save for a goal (McKenna, Owen, & Blansett, 2001; Schreiner, Clancy, & Sherraden, 2002; Sherraden, 2001). Moreover, where financial education was provided to participants, participant goal achievement increased. Other literature examined IDA policies and programs for low-income families (e.g., Beverly & Sherraden, 1999; Boshara, Scanlon, & Page-Adams, 1998). However, few researchers have investigated the

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saving performance of low-income participants in IDA programs (a notable exception is Schreiner et al., 2002).

Further, although there is considerable literature on the savings behavior of European American middle-class families, we found only a few studies on such behaviors of low-income families. Because of the limited scope of savings research on low-income families, relevant key variables were identified from the larger body of literature.

Financial Vulnerability

Census data on the working poor indicated that employment itself does not necessarily lead to financial self-sufficiency. Rupured, Koonce, and Bales (2002) reported that a family of four with two parents earning the minimum wage is at about 120% of the federal poverty level. Factors noted as barriers to financial security include lack of affordable housing, inadequate health insurance, balancing employment and parenting demands, lack of affordable quality child care, and inflexible jobs. A review of the research (Lambert, 1998) indicated that transportation is another major barrier. Lambert proposed that struggles associated with an inadequate mass transit system or with an unreliable vehicle provided a disincentive to work more hours and made it challenging for the poor to work year round and full time.

Using data from the Survey of Consumer Finance, a longitudinal study of 755 families with annual incomes \leq 200% of poverty, Lewis (1996) found that increased savings were related to higher levels of education, larger families, and those expecting financial support from their relatives. Over 40% of the respondents had taken more money out of savings than put money in savings over the 2 years studied (1983 and 1986). Saving was perceived as feasible for short-term goals and emergency expenses, in contrast to the long-term goal of building assets.

Although 520 respondents in the MONEY 2000 study (O'Neill, Xiao, Bristow, Brennan, & Kerbel, 2000) atypically had high incomes and educational levels, they reported outstanding debt, credit use, and spending habits to be the most widely perceived barriers to financial goal attainment. Other obstacles were reduced income, unexpected expenses, and emergencies—barriers that may be present across income levels. Longitudinal research studies reported by Cox and Alm (1999) revealed that income fluctuated across all quintiles of households. Some in the highest quintile (rich families) moved to a lower quintile, and the lowest quintile (poor families) advanced to higher quintiles. However, the question remains whether the barriers noted among these higher income families are similar for lower income families in saving for goal attainment.

Personal Attributes

Personal attributes can serve as either barriers or supports to savings and financial management. Discipline and determination were perceived to be the most important personal qualities in financial goal attainment by the higher socioeconomic MONEY 2000 participants (O'Neill et al., 2000). In addition, results of a qualitative study of 7 middle-class married couples (Muske & Winter, 1999) showed “positive comparison” as an important personal perspective (i.e., respondents needed to feel that they were doing as well as their peers and that they were creating situations better than those they remembered as children). In contrast, data from a purposive sample of 254 British subjects

from diverse backgrounds revealed that the working class, females, and older adults were more likely than the professional class, males, and younger adults to believe that poverty was unavoidable and that wealth was unattainable (Furnham, 1986). Measuring economic locus of control with cross-sectional data, Furnham (1986) found that participants expressed feelings of helplessness and lack of control over their futures. Further, Furnham (1985) found that as income increased, beliefs about the pointlessness of savings decreased. Such feelings and beliefs may help to explain why poorer families remain in poverty. To counteract this, IDAs were proposed as a means to instill hope and move poor families toward proactive asset building (Sherradan, 1991).

Social Support

Social support systems are recognized as vital in determining the level of social functioning of families, especially to single parents and parents without spousal support (Hepworth, Rooney, & Larsen, 1997). However, few research studies have linked the support of extended family and friends to saving behavior and asset development. Lewis (1996) found that low-income families who received financial help from friends or relatives in an emergency situation increased their savings, but asking for financial help may differ across cultures. Schnittgrund and Baker (1983) found that low-income Mexican Americans perceived asking for help as an indicator of their inability to provide for their families, undermining their sense of self-sufficiency. This was described by Falicov (1998) as a fear of public loss of face, a fear of being misunderstood culturally, or a fear of racial discrimination for not being able to provide for their family's sustenance. Therefore, one's social support system can have either positive or negative influences on asset development.

Resource Management Strategies

Proactively managing scarce resources is critical to achieving goals (Paolucci, Hall, & Axinn, 1977; Rettig, Rossmann, & Hogan, 1993); however, the failure to do so may serve as a barrier to asset building. Families manage through the processes of goal setting, planning, record keeping, controlled spending, and saving. Several studies supported the positive impact of using such resource management strategies to achieve financial goals.

In a random sample of 199 White, Black, and Mexican American low-income families, respondents were more satisfied when they planned how to spend their expenditures (Schnittgrund & Baker, 1983). In comparison to White and Mexican American families, Black respondents perceived that they had fewer financial problems and were more likely to write down their expenditures. All groups expected to have higher incomes in the future, with Whites being the most optimistic. Overall, the respondents were satisfied with their material goods and the extent to which they were achieving success and getting ahead.

O'Neill et al. (2000) found that preparation of a comprehensive financial plan was perceived as important for those who were successful in attaining their financial goals. Results from a qualitative study (Muske & Winter, 1999) showed that couples relied heavily on routine and mental processes rather than on a written financial plan, and they reported using automatic direct deposit for short-term savings. Davis and Weber (1990) also found that few of their 672 nonmetropolitan households used

written budgets. Irregularity of income and expenses was the most reported challenge to their budgeting strategy.

A study of poor and low-income households using Survey of Consumer Finance Data (Hogarth & Anguelov, 2003) revealed that one's "planning horizon" had an impact on savings behavior. Those households that planned for a year or less were half as likely to save as those who took a long-term perspective. Such short-term focus can lead to credit problems and an inability to achieve future goals (Hogarth & Anguelov). In a study of 203 single-parent families (Buehler & Hogan, 1986), three distinctive patterns of planning emerged. One pattern focused on resource scarcity; these families were frugal with their resources and tightly controlled spending. A second pattern was goal centered; families found creative ways to secure resources to meet their goals. The third pattern was constrained planning, where families focused on the present and reacted to inadequate resources, primarily money.

Conceptual Framework

An ecosystem model of family resource management and contextual family stress were the frameworks that guided this research. These perspectives propose that families are influenced by both the macrosystem and microsystem. The family is viewed as an integral part of the ecosystem of family resource management by both creating and using resources from the environment (Paolucci, et al., 1977; Rettig, et al., 1993). The constructs in a family resource management framework were integrated into the FAIM program design. They included the processes of goal setting, resource development and allocation, decision making, and planning needed for goal attainment. In FAIM, public and private money from the macroenvironment was matched with participants' savings, enabling them to reach their asset goals. FAIM also used a bank savings account, financial management classes, and community agency support. Concurrently, within the family microsystem, participants allocated their money for savings and daily needs and developed a plan to reach their FAIM goals.

Contextual family stress (Boss, 2002) was another useful framework to further understand how financially vulnerable families cope with hardship and adversity to build assets. Families who live at the economic margins of poverty experience chronic stress. Family stress is defined as "pressure or tension in the family system—a disturbance in the steady state of the family" (Boss, 2002, p. 16). Some pressures are external and include elements over which the family has little or no control. With low-income families, an external pressure frequently is unemployment, underemployment, or illness. Similar to the family resource management perspective, the family stress model proposes that families must determine which stressors they can change and control.

Method

Sample

The 25 families who participated in our study were selected from a total of 513 working participants with income \leq 200% poverty in 8 geographic regions of Minnesota: 1 metro area, 6 rural, and 1 serving tribal reservations. Qualified participants had at least one child living at home and had made deposits in his or her FAIM savings account. Every 10th name in each region was

sent an introductory explanatory letter from the statewide FAIM coordinator. Because of the variation in numbers of participants by region, 43 names were selected to receive the letter. A subsequent letter was sent from our research team inviting their participation, followed by a phone call to answer questions, determine eligibility, and schedule an interview. The goal was to recruit 25 families. Seventy-four percent of those contacted met the eligibility criteria and agreed to participate; 8 declined to participate because of work and family commitments, 3 declined without giving a reason, and 10 could not be reached by phone or letter.

Research participants included female- and couple-headed families with 1 to 6 children at home. At the beginning of the study, 40% were married, 52% were single, never-married women, and 8% were divorced. During the study, 2 of the never-married respondents married or cohabited, and 2 married couples divorced. The sample represented diverse ethnic and racial groups; about 40% self-identified as Hispanic, Native American, Asian, or African American. All had completed high school or received their GED, and 40% had a 2-year or 4-year college degree. Most of the participants (60%) were employed full time, and all others worked part time. During the study, employment status changed for about 25% of the families; they experienced periods of unemployment, new full-time employment, reduced hours of employment, and overtime work.

Data Collection Procedures and Analysis

Three interviews were conducted at 6-month intervals. Two members of the research team conducted the personal interviews in summer 2001 and 2002. During winter 2001, a follow-up telephone interview occurred. Open-ended questions were derived from the conceptual frameworks and were specific to the evaluation of the FAIM program. Specifically, families were asked about the strategies and challenges they faced in saving, their goals and social support system, what they learned about saving, how they involved their children in saving, and their impressions of the FAIM program. These basic questions were repeated at each interview to capture their lived experience. New open-ended questions were added in later interviews to further explore the rich descriptions that the respondents had provided earlier. FAIM provided records of savings deposits by each participant.

The interviews were audiotaped, transcribed verbatim, and validated by a second researcher after each wave of data collection. An analytic induction method of analysis was used. The primary unit of analysis was the case; researchers focused on the complex social and personal factors that influenced savings behavior. Inductive researchers typically code, make comparisons of coded data between and within cases, and link previous research and theory to emerging findings (Gilgun, 2001).

Five researchers independently read the entire interview and identified factors that affected savings. The factors were discussed and sorted into common constructs. Next, the researchers independently coded the constructs for each transcript. Pairs of researchers compared their coding, and discrepancies were resolved through discussion, sometimes with the whole research team. Through this dialogue, researchers arrived at an intersubjective agreement about the constructs and an enrichment of the analysis (Kvale, 1996). To be included as a finding, a construct must have appeared at least once in every case. The winMAX

software (Kuckartz, 1998) was used to organize the data by construct.

Brief case studies were written after the first interview to capture each family's story. Names were replaced with pseudonyms, and other identifying information was omitted. Case studies were sent to each family for verification. During the second interview (via telephone), each participant was invited to critique his or her case study. Families indicated that the case studies were accurate, except for two respondents who corrected minor demographic information (e.g., academic degree). One family from a small rural town dropped out of the research project because of concern for privacy.

Findings

Over the three waves of data collection and coding, eight constructs were identified: financial vulnerability, personal attributes, social support, resource management strategies, socialization, \$30-savings strategies, Dollar Works financial literacy program, and the quality of the overall program. In this study, we focused on the first four constructs, using quotes from the respondents to illustrate the multiple dimensions of each construct. At the end of the pilot program in June 2004, the remaining constructs will be added to the analysis.

It was clear from listening to participants' stories that most of the families were able to save money to build assets in spite of barriers, hardships, and unexpected events. Of the 25 families, 19 were successful in saving toward their goals, and 6 exited the program. We heard from all exiting families, either by letter or telephone, and learned their reasons for exiting: unemployment (two families), divorce, major debt problems, housing inflation making home ownership impossible, and alternative financing for higher education. Importantly, however, families who continued in the program also experienced unemployment, divorce, major debt, and housing inflation. Except for the participant who exited because she found a better way to pay for her education, differences between those families who continued and those who exited are unknown.

Financial Vulnerability

Financial vulnerability was characterized as a chronic susceptibility to uncontrollable forces. Most of our families were living paycheck to paycheck. Unexpected family events were identified as potential barriers to success by diverting their planned \$30 savings to meet basic needs. Such unexpected events were: (a) loss of income due to job layoff, reduced hours, and seasonal employment, (b) irregular or no child support received, (c) unreliable transportation and car repairs, and (d) illness or injury with no health insurance and disability benefits. Financial vulnerability can be illustrated by the following selections from the family narratives.

A single Native American mother with a 2-year-old son lived in a metropolitan area. She cared for an elderly man who lived downstairs, and her child support was unreliable. She was employed part time and had recently started a pet-sitting business. Her income was negatively impacted by her clients' fear of travel after the events of September 11:

The barriers to saving are really straightforward... I'm a single mother, and things come up all the time, unexpected expenditures. The fact that I just don't make enough to really save, I mean, I'm living hand to mouth, and if I get

a little bit extra, it's usually paying off something I haven't been able to pay off. So it's literally just an income issue... how much I'm making and how much I can put out.

Another participant was in a two-parent European American urban family with three small children ages 3, 5, and 7. The parents juggled their jobs so one of them could be at home to care for the children. She started an alternative birthing business through the FAIM program, and she shared how the economic ripple effect impacted her business:

Coffee money went right down the drain when September 11th happened... There's a store that sold birthing supplies... I used to get probably half my business referrals from them... After September 11th, they closed. My business is cut in half because her business closed.

A European American divorced mother and her 6-year-old daughter lived with her parents in a small town. She had not received child support and was seeking help from the county to collect from the father, who lived in another country. She was employed by a health service organization. Her goal was to own her own home. She was financially vulnerable because of costly car repairs.

Since last December, I have over a \$1,000 on car repairs. I can't get a loan to get a new car because this one's financed, and you have to pay it off before you can get a different one. It's trials like this that keep me from strictly saving every month.

Last, a Native American family living on the reservation included a mother of 5 daughters and 1 son, ranging in age from 8 to 17 years, and her husband, who was not the father of the children. Both parents were employed by the tribe and commuted long distances. They depended on child support from her former spouses to meet their basic needs.

They finally got the dad to my two youngest ones to get some support and the support went up to a nice amount where he could still live, and we could pay our grocery bill. He paid for a couple of months and then he quit his job, then we couldn't afford car insurance... the child support is dependent on him getting another job.

In spite of their financial vulnerability, all but the last family continued to find ways to save for their goals. Their ongoing saving behavior was largely due to their personal attributes, support systems, and financial management practices. The family who depended on child support to meet basic needs exited the program because of overwhelming past financial obligations and debt. In an adjustment to procedures, FAIM now screens the debt-income ratio and the credit rating of applicants prior to admitting them to the program to better assure success for participants.

Personal Attributes

Personal attributes were those individual qualities that led to successful family resource management. The families possessed attributes that allowed them to recover from adversity rather than be immobilized from that experience, often with a "can do" attitude. Most families did whatever it took to deposit the \$30 per month or to catch up on missed deposits in order to achieve their FAIM goals. The personal attributes that emerged from the data were: (a) optimism, (b) persistence, (c) self-reliance,

(d) long-term thinking, (e) inner belief and resourcefulness, and (f) risk taking. The following families' stories illustrate this construct.

A visually-impaired, African American single mother with two young sons worked as a daycare provider in a metropolitan area. She was enrolled in college to obtain an associate degree in child development. She reframed adversity into a strength and was teaching this personal attribute to her sons.

I mean, I got very high self-esteem about myself, just because the childhood that I was raised in and my visual problems ... kids talking about you ... it just made my self-esteem higher. So, once your self-esteem is high, you tend to do more. I'm a very persistent person. I want it done and I want it done now and that's how I'm teaching my sons.

A two-parent European American family with daughters ages 12 and 6 lived in a mobile home park in a suburb. They wanted to own a home in the country. The father drove a taxi full time, 7 days per week, and the mother, who received disability payments for an injury, was an at-home parent. While growing up, both lived in apartments and now dream of becoming homeowners.

I think just living here ... you know, they have all these rules ... there's too many rules for me ... unless it's a house, it's not really a home. It's something that I've expected that I would have ... This is something we've wanted for a long time ... We're not going to give up on this.

A single European American mother, her boyfriend, and a blended household of four children, ages 17, 15, 5, and 3, lived in a crowded apartment in a small rural town. They wanted their own home in the country with a fenced-in yard and lots of space. She was hearing impaired and worked for a government organization that employed disabled persons. Her assembly line work was on the night shift, which she preferred so she could spend quality time with her children. Her voice was one of persistence and a "can do" attitude.

The kids are working, he's working, I'm working overtime ... In the winter, everything slows down and the bills are high ... I work a lot ... I work six days a week ... Sunday through Thursday I work the night shift and Saturday I work the day shift ... I told them that they had to quit jumping me from the night shift to the day shift ... I told them, how would you people like that if your kids came home from school and you had to go to work ... you wouldn't like it any more than me. That's the only reason I don't want to go to the afternoon shift; I won't see my family until the weekend. With the night shift, I come home, go to sleep until about 1:00 p.m., then I have all day with my kids until they go to bed; then I go to bed for a couple of hours before I go to work ... that works good.

A family that emigrated from central Mexico 4 years ago with their three children, ages 16, 13, and 7, also had a goal of owning their own home. The father came 2 years earlier than the rest of his family and earned enough money to bring them here. He worked full time and also had a part-time job; his wife was employed in domestic work. She formerly was a bank accountant in Mexico. He was both persistent and optimistic in the face of an uncertain employment future starting stating:

It's hard to find part-time jobs because of the layoffs ... I can't work 16 hours every day ... 16 hours is too much.

Right now I feel a little better ... I come back to my apartment from my full-time job and rest one hour ... I go back to my job and come back at night to check out the kid's homework ... I take supper and leave again.

This optimistic "can do" attitude was repeated among the families. Although this attitude was probably present before they entered the program, the findings indicated that this program reinforced their persistence and optimism in building a better life for themselves and their families. However, the family who wanted to own a house in the country exited the program after saving for 2 years because they divorced and faced the cost of financing two separate households with the same level of income.

Social Support

Support from their social networks was critical to most of the FAIM families. Social support referred to emotional, economic, physical, and informational assistance received from others. Networks such as extended family, friends, neighbors, and community resources helped families maintain stability during times of economic uncertainty. Three dimensions of social support emerged from the data: (a) participants who have strong support from family and friends, (b) participants who effectively access community resources, and (c) participants who receive little support and who are primarily self-reliant.

Support from family and friends. A married Asian-American mother of three children, ages 8, 7, and 3, was working toward the goal of owning a small business. Both parents were immigrants from Southeast Asia, and they lived with her parents until recently. She talked about social support before and after immigration:

My family was really poor when I was young ... we had just enough for food, that's it. I don't think we had enough for saving. My grandmother had a big farm and we lived there like a joint family ... My dad encourages me to get a business of my own, my sister too ... They say if I need any help, they will support me.

A Native American family lived off the reservation, but their goal was to own a home on the reservation. The parents had a 7-year-old son and three older married children. Within the past year, the father was laid off from his job and has been unable to find employment. The mother was employed on the reservation and shared a close personal relationship with her colleagues: "When you live on the reservation, we're tight-knit communities ... you pretty well are married into a family and the relatives are always there ... we're all related in some way."

A young, single African American and her two children, an 8-year-old son and a 5-year-old daughter, live in her mother's home in the metro area. Even with a college degree and a full-time job with health benefits, this young woman could not afford to rent an apartment because of the costs of child care, vehicle payments, and other debts, including student loans. She receives no child support from the children's father:

My mother's always been supportive ... it's something that's really important and if you don't have it, you can kind of fall off track ... there's certain times I don't know what I would have done without that support, without having someone to fall back on when I needed her.

Support from community. A single European American mother with three daughters ages 11, 6, and 3 lived in a small rural town. Her former husband made child support payments but was not actively involved in parenting. She owned her own home through a local Habitat for Humanity program: "Habitat for Humanity has been very supportive ... people in Habitat really walk the walk. They actually get in there and help, not just talk. They give me support ... they are my mentors and not judgmental."

A two-parent European American family with three children ages 8, 11, and 13 was evicted from an apartment in the metropolitan area. They spent months in homeless shelters. Staff at their children's school helped them find their new apartment as part of an effort to keep the children in school. The family paid 30% of their income to rent a government-subsidized apartment.

Well, the landlord of our old place asked us to leave; we were having problems with the neighbors downstairs and so we left ... we had to leave. We had to temporarily go into emergency shelters and we worked our way, eventually, to (name of shelter) ... it gave us time to sit and say, ok, let's see what needs to be done ... the lady at the shelter says it's a time to rest the soul and get your breath back.

Low social support. A single European American mother with two children ages 3 and 6 lived in an apartment complex in a suburb. She grew up in a single-parent family in an apartment and did not want to repeat that lifestyle for her children. Her goal was to buy a home. Although her former husband paid child support, he was not actively involved in parenting. She was employed full time in a state civil service job and worked as the apartment complex manager to reduce the rent. She took courses for a bachelor's degree in business. She was a self-motivated woman with little social support.

I'm pretty much alone ... I spend a lot of time working and being with my kids ... there is no one in the building for support because I used to work here, and I just didn't want to mix work with my personal life. I got hit with a softball and should have been in the emergency room, and no, I didn't call anyone. I came home with my kids. To this day, I have no interest in making a support system.

Social support varied across families, but it was clear that such support was a critical factor in most of our participants' abilities to save and reach their goals. Many parents were generous, inviting their adult children home for rent-free housing and child care assistance. One brother-in-law loaned a car for months when transportation was the crisis issue. A sister invited a sibling to relocate so she could help with child care, and they could explore new options for employment. Rent subsidies, tuition waivers, health care, and other government programs also provided critical support. Importantly, the FAIM program provided social support through the relationships that developed among participants in Dollar Works classes and referrals made by agency staff.

Resource Management Strategies

Findings showed that participants used a variety of resource management strategies to save money and meet their families' needs. The strategies identified included prioritizing and reducing expenditures, setting goals, committing to saving, creating and weighing alternatives, planning ahead, and organizing

resources to meet family needs. Especially valued by the participants was the required Dollar Works curriculum developed by the University of Minnesota Extension Service (2000). Participants identified important lessons learned in the classes: setting and clarifying goals, learning how to review and repair their credit reports, budgeting, organizing, and keeping records. They indicated that they learned life-long financial skills that gave them a new sense of hope and a perspective for involving their children in finances. Participants shared that they were validated by having their voices heard and by sharing ideas with others in the group. They recognized this as a special opportunity to achieve a major financial goal.

A single mother with a preschool-age son focused on prioritizing and reducing expenditures, creating and weighing alternatives as strategies to save for her FAIM goal.

I cut the cable ... I had a water machine, which was my greatest treat because I don't drink coffee, just water, pretty basic, right? I wasn't going to cut our water, but guess what? In order to afford this house, I did ... I cut our water; I cut our cable ... those were the two expenses I had. With my son's circus classes, I thought, I can't cut everything from him; he loves the circus classes. I have to figure out how to make that work ... I'm checking into a scholarship for him.

A married mother with four children focused on goal setting and saving commitment as resource management strategies.

It's like doing our church thing ... our 10% goes to God automatically ... the same for FAIM ... \$30 towards the end of the month, out of his check, out of my check, it goes to that account. A couple of times there have been, how are we going to be able to come up with the money ... It's like in the old days, in the 1800s, back when they used to ride on horseback when they had to get across a stream that was totally crazy with the currents, they had to find a marker on the other side and keep their eye on it ... that's basically what we have to do.

A married father with two children treated savings as a commitment, a nonnegotiable strategy. "Pay yourself first and put the money away first ... it's an untouchable account; we don't even consider it for emergencies."

A single mother of two children identified her strategies for reallocating her time, energy, and money. She prioritized and reduced expenditures, organized resources, and weighed alternatives.

I have stopped (apartment building) care taking due to the level of stress—working full time, care taking full time basically, and raising two kids. So that has changed for me but making the deposits of \$30 has not been a problem ... I have cut back to no air-conditioning in the summer ... I just do cutbacks. I had to give up my garage and that's hard ... I am now debating whether my daughter should attend dance class ... she'll be in for her third year.

A single mother of a preschool-age daughter discussed how she planned ahead and organized her resources as strategies to get out of debt, saying,

My goal for this year is that I'll have both my loans paid off before I get my taxes next year. My car loan will be paid off by the end of this year and then I will only have \$2,000 left on my other loan, so when I get my taxes back, I'll get that

paid off and then I'll have enough to get a decent car and not go into debt right away. Hopefully, either next fall or summer, as long as Mom and Dad will let us stay here, I'll get everything taken care of.

Last, a married mother with three young children created and weighed alternatives, prioritized and reduced expenditures, and organized resources. She said:

I say that if you need to buy something, think twice before you do ... ask yourself if you need to buy that. After we had our baby, we really changed, not that we were frivolous before or anything, but I used to buy a lot of magazines ... then I decided that I could use the library, check things out instead of buying it, or borrow from a friend. There are some friends where we exchange baby-sitting back and forth, so we have gotten pretty resourceful. I instill the same things in my son ... if there is a toy he wants, I say that we could find something at a rummage sale and he is happy with rummage sale toys.

Other participants talked about budgeting and record-keeping systems they used as resource management strategies. Families also expanded their financial resources to include multiple wage earners, multiple jobs, bartering, and scholarships.

Discussion

The results of this study provide insight into how low-income families save money in spite of financial barriers to reach asset-building goals in a structured, subsidized program. Although only 25 families were selected to share their perceptions and experience, they provided important information for educators, policy makers, and community agency staff. These longitudinal data help us understand the challenges, barriers, and support experienced by low-wage-earning families as they strive to build assets.

It is evident that families experienced continuous pressure and tension in daily life that resulted in financial vulnerability, a chronic susceptibility to uncontrollable forces. Their narratives showed that the barriers to saving include job layoff or reduced hours of employment, lack of child support, unreliable vehicles, and illness or injury with no health insurance. Further, families who exited the program did so because of unemployment, divorce, high debt levels, and unaffordable home ownership, perceiving that their goals were unattainable. The barriers identified here as impacting low-income families have been reported elsewhere (e.g., Lambert, 1998; Rupured et al., 2002; Seccombe, 2000). Finding ways to save for asset building in spite of these financial barriers was a key result here, and the majority of the families did so.

Although Davis (1992) found that low-income families are unlikely to save regularly, the savings deposit records of our participants showed that they could and did save for a goal, though not always a regular amount every month. Our finding that low-income families saved was supported by findings from a large study showing that 70% of low-income (between 100% and 150% of poverty) households saved (Hogarth & Anguelov, 2003). The median amount they had saved for emergencies was \$100, whereas most of our families (75%) saved \$30 per month over a period of several years to build assets.

Importantly, a positive "can do" attitude, often attributed to upwardly mobile Americans and not to the working poor

(e.g., O'Neill et al., 2000), was found as a dominant personal attribute. Our participants were optimistic, persistent, self-reliant, and risk-takers. Thus, they did not reflect the common assumption that low-income families are poor because they lack the discipline, motivation, and foresight to save. There was no evidence of learned helplessness (Furnham, 1985).

Similar to earlier findings (Muske & Winter, 1999), parents in our study were motivated by their expectations for their children's futures. They wanted to move from an apartment building or mobile park so their children could experience the American dream of owning their own homes. In this way, the FAIM program provided hope for parents and their children to move up the economic ladder.

Social support was a critical interpersonal resource in saving and pursuing a goal among our families, a finding supported by Lewis (1996). We found that networks of family, friends, and community resources helped families maintain stability during times of financial crises. This included parents, siblings, coworkers, and community agencies. Further, some families noted that support by FAIM outreach staff or support they received from fellow Dollar Works class participants were important resources; such support may be especially helpful to those who lack support from family and friends.

Setting goals, planning ahead, creating and weighing alternatives, prioritizing and reducing expenditures, organizing, and expanding resources were strategies that supported families' efforts to save for their goals. Some credited the required Dollar Works classes with teaching them budgeting, record keeping, and planned saving skills. A few families reported that they tracked their spending, paid bills on time, and kept records prior to the FAIM program, and Dollar Works classes reinforced the importance of these skills.

Related to the patterns of planning (Buehler & Hogan, 1986), some participants focused on resource scarcity, looked at trade-offs to reduce their expenditures, and made intentional sacrifices to cut expenditures in order to save. Others focused on goal attainment and found creative ways to reach them, such as increasing their financial resources through multiple jobs, multiple family earners, and accessing community resources. None of our families who remained in the program used the constrained planning pattern. Data on those who exited the program were inconclusive on their patterns of planning.

Implications

Our results highlight the feasibility of saving and asset building among the working poor, with FAIM as an intervention program. Policy makers must know that low-income families can be successful in building assets within structured programs. Social policy already supports asset building for the nonpoor through tax-deferred retirement plans, tax-deductible mortgages, treatment of capital gains, and other programs that are not accessible to most of the working poor (Sherraden, 1991). Thus, extending asset-building policies to low-income families through IDAs should be high on the policy agenda.

This study represented a partnership between academic researchers and program implementers. A common goal of both was to understand how working-poor families could systematically save and accumulate financial assets. This involved providing evaluative feedback on the unintended outcome of procedures. Findings and recommendations were shared with FAIM program staff after each wave of data was collected and

analyzed. Recommendations included: (a) the need for staff to assist participants in clarifying their FAIM goals, (b) the desirability of making monthly savings deposits more flexible to accommodate unexpected expenses, and (c) the need for financial coaching over the length of the program. The FAIM director met with the research team to discuss the recommendations and the implementation of changes in the program. Importantly, the program was revised based on our recommendations.

The results have implications for educators. Instead of assuming that low-income families are unable to save, programs should focus on strategies for attaining goals. Too often, financial vulnerability is interpreted as weakness, lack of knowledge, or poor management skills—all personal attributes. More likely, unemployment or underemployment, unreliable vehicles, health problems, childcare costs, or lack of child support payments create financial vulnerability. Such vulnerability can be offset by positive personal characteristics, social support from family, friends, and the community, and use of family resource management practices.

Clearly, the limitations of the study prevent the findings from being generalized. We had a small sample that represented one state's pilot program. The families were not the poorest of the poor; their incomes ranged from 100% to 200% of poverty level. In addition, all participants had a high school education or equivalent.

Despite these limitations, this study contributes to the literature on working-poor families and informs antipoverty policies such as the IDA. The longitudinal design captured the dynamics of families as they faced challenges in building assets. At the conclusion of the pilot project, findings from this study will complement the quantitative evaluation of the program. Analyses of both qualitative and quantitative data gathered over the duration of the FAIM program will be used to evaluate the program and contribute to the IDA policy debate at the federal and state levels.

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