

Assessing Head Start & Early Head Start Families' Financial Capability

Financial capability has been defined as the capacity, based on knowledge, skills, and access, to manage financial resources effectively. People at all income levels may need support as they reach their financial capability goals. Head Start/Early Head Start (HS/EHS) programs can partner with families that want to increase their financial security. The first step in this process is assessing families' current financial capability.

This document is part of a series of resources focused on increasing the well-being and financial security of Head Start and Early Head Start families through financial capability strategies.

This brief outlines strategies and tools HS/EHS programs can use to gain a deeper understanding of how HS/EHS families are managing their finances to decide which services might help them build financial capability. It also provides an example of how one HS/EHS program assessed families' financial capability and used this information to provide tailored financial capability services. Assessing financial strengths and needs allows programs to better support families by providing or referring them to the specific services that will help them achieve their financial goals and greater levels of financial security.

This brief is written for HS/EHS staff who will be involved in assessing and supporting parents' financial capability. Depending upon the HS/EHS program, those staff may include the director, associate directors, managers, family service workers, teachers, or some other combination of staff.

The importance of assessing the financial capability of HS/EHS families

HS/EHS programs are committed to providing quality early learning opportunities to children as well as support services to increase the financial security of families. The Head Start *Parent, Family, and Community Engagement Framework*¹ defines the outcome of family well-being as "parents and families are safe, healthy, and have increased financial security."

As more HS/EHS programs explore ways to partner with families to increase their financial security, it is important for programs to understand the many factors that contribute to a family's ability to manage its financial resources effectively. Below is a list of factors. For more examples, see Appendix 1 (found on pages 7-8).

- The income and expenses a family has;
- The amount of money a family is allowed to borrow from financial institutions;
- The amount of money the family owes (debt);
- The financial products and services the family uses; and
- The insurance policies the family has to protect them in an emergency.

¹ Online at <https://eclkc.ohs.acf.hhs.gov/hslc/hs/sr/approach/pfcef>.



To help families build their financial capability and family well-being, HS/EHS programs must first understand what families know (knowledge), believe (attitudes), and do (behaviors) in every area of their financial lives. See Appendix 1 for sample financial capability questions to ask families.

While HS/EHS staff are deeply in tune with family strengths and needs, they may not have a complete picture of a family's current financial capability. Assessments of how families manage their finances provide HS/EHS program staff with the information they need to select and tailor services that directly respond to where families are now and help them achieve greater levels of financial capability.

How programs can assess families' financial capability

The best way to assess families' financial capability is to collect data directly from families. However, sometimes programs will have to rely on national data sources to determine how families are getting by financially. This section discusses strategies for collecting data directly from families and for using national data sources.

Collect data directly from families

Collecting data about families' financial capability requires a time commitment from HS/EHS staff. These assessments can increase staff engagement and allow them to learn more about the different financial dimensions of families' lives first-hand. Committing time to understanding families' financial capability enables programs to provide services that respond to families' most pressing financial challenges. Carefully tailoring services based on assessment data can make financial capability services more relevant and effective for families.

To start, program staff can ask:

1. **What do we already know about each aspect of families' financial capability?** For example, what information do we already have from intake forms or conversations with parents? What are parents' financial goals and concerns? Are they accessing income supports and benefits? Do they have high levels of debt? Are parents using check cashers, payday loans, or other alternative financial products and services? Do they have bank accounts? Are they saving? Do they use affordable insurance products? (For a full list of potential questions, see "Sample Financial Capability Survey Questions" in Appendix 1.)
2. **How will we collect information to fill gaps in what we know about families' financial capability?** When and how do financial topics already come up in conversations with parents? What additional questions could we ask parents at these moments to get a more complete picture of their situation? Would it be possible to interview or survey parents about their financial capability needs? How can we collect this information in ways that are respectful of each family's right to privacy and confidentiality, and of their feelings about their financial situation and potential? Because finances can be an area of great sensitivity for some families, how can we determine when our relationship with a family is strong enough to collect this kind of information? How can we strengthen our relationships with families so that they experience this process as respectful, strengths-based, and supportive of their own goals?



HS/EHS programs can conduct assessments of families' financial capability strengths and needs in a variety of ways. For example, they can:

- **Incorporate questions about families' financial capability into the intake process.** Some programs that have fully integrated this process at their first meeting or home visit find that the intake process presents an opportune time to learn about parents' financial circumstances. Consider including a set of questions about families' financial capability on parent intake forms. Ideally, these questions would reveal the most pressing and immediate financial challenges and opportunities that parents are currently facing.
- **Add financial capability questions to existing parent surveys and family assessments.** For example, HS/EHS programs could add financial capability questions to surveys that get sent home with children or that are already being distributed to families at an after-school workshop or parent night.
- **Conduct one-to-one interviews with parents.** These interviews could take place in-person or over the phone.
- **Host a focus group with parents.** HS/EHS programs can host a focus group at a parent night or after-school workshop to ask parents questions about financial goals, challenges, and opportunities.

No matter how assessments are conducted, careful attention should be given to how survey or interview questions are worded, how their purpose is explained, and how confidentiality will be protected, particularly at intake. Although the intake form and the way staff present the topic can help get this new relationship off to a strong start, staff working directly with parents will have to assess parents' comfort level on a case-by-case basis.

Building staff capacity to assess families' financial capability

HS/EHS staff working directly with families will play a critical role in any effort to assess the financial capability interests, strengths, and needs of families. However, these staff may find it can be challenging to raise financial topics and concerns with families if they do not feel they have the resources to support families with these issues.

It is important for Head Start programs to build the capacity of staff to talk to families about financial topics. Programs can do the following:

1. Assess staff's level of comfort talking with parents about financial topics.
2. Train staff on key financial topics and community resources. This can be beneficial both for staff members themselves and for families in the HS/EHS community.
3. Equip staff with tools and materials that can help guide their conversations with parents.
4. Provide skills-based training in coaching strategies that will help staff ask the right questions, set goals with parents, and support parents in working toward their goals.

For more information about building staff capacity, see the Office of Head Start's tip sheet, *Family Service Workers and Financial Empowerment: Steps & Resources*. This document is available at <http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/family/docs/steps-resources.pdf>.



More information on how to collect information on families' financial capability can be found in [*Building Financial Capability: A Planning Guide for Integrated Services*](#)² (the Guide). HS/EHS programs can use *Tool 1: How Your Clients Manage Now* in the Guide to walk families through the process of assessing their financial capability.

Reference national data sources

If it is not possible to talk directly to families about their financial capability, HS/EHS programs can use national data sources to gain a general picture of how the residents in their state are managing financially. Below are some sources that provide relevant data on household finances:

- **U.S. Census Bureau's American FactFinder:** [FactFinder](#)³ enables programs to search by ZIP code and access general demographic information, such as median income, age, and poverty rates for the area.
- **Federal Reserve System Survey of Household Economics and Decision Making:** The [survey](#)⁴ examines the overall well-being of individual consumers, income and savings behaviors, access to banking and credit, and other financial topics.

Key considerations for conducting an assessment of HS/EHS families' financial capability

Involve HS/EHS staff working directly with parents in planning and implementing assessments

HS/EHS programs should ensure that they have the buy-in of staff working day-to-day with parents and should consult staff throughout the process. This may include asking staff for guidance on how best to approach this sensitive topic with families in ways that are respectful, hopeful, and strengths-based. It may also include some training for HS/EHS staff on a few financial topics that might arise while they are conducting the assessments. It is important to make building trust with the family a priority. Staff can encourage parents to complete the assessment, and provide valuable feedback about parents' hesitations to do so and other challenges.

Evaluating program outcomes

The purpose of the assessment process described in this brief is to collect data on families' current financial capability in order to select which services HS/EHS programs can provide to families to best meet their current financial interests, needs, and opportunities. However, data collected through this process can also be used as "baseline" or starting data to evaluate program outcomes. For example, survey or interview questions asked in the initial assessment can be repeated after a period of time to see if families' financial situations have changed.

To learn more about how to use data to evaluate a program's outcomes, please see the Office of Head Start's *Measuring What Matters*, a comprehensive overview of using data to support family progress. The document is available at <http://eclkc.ohs.acf.hhs.gov/hslc/tta-system/family/docs/measuring-what-matters.pdf>.

² Online at <https://www.acf.hhs.gov/ocs/resource/afi-resource-guide-building-financial-capability>.

³ Online at <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

⁴ Online at https://www.federalreserve.gov/consumerscommunities/shed_data.htm.



Identify assumptions about families' financial capability

It's important that before and after the assessments, staff involved in the assessment process have an opportunity to discuss assumptions about HS/EHS parents' financial behavior. For example, if staff see a parent come in every morning wearing clothes or jewelry that may appear expensive but notice that the parent lacks resources to pay bills every month, staff may incorrectly assume this parent has poor money management skills. Biases like this hinder staff's ability to have an honest and open dialogue with parents about their financial challenges.

Maintain confidentiality of parents' financial information

When engaging families on financial topics and challenges, it is critical to assure them that any personal information discussed will remain confidential. Families need to know that the financial information they disclose to a HS/EHS staff member or in a peer discussion group facilitated by HS/EHS staff will be protected.

Consider providing support to parents who participate

Parent participation in an assessment takes valuable time. Programs can show their appreciation by providing support to parents who participate. This support might include providing child care, dinner, or transportation reimbursement. Even small incentives that give concrete material support can make a difference. Parents who participate in the assessment could be entered into a drawing for a gift card or door prize that is awarded at the end of the focus group or online survey process. Local businesses may be willing to donate these gifts and prizes.

Grantee Spotlight: Community Action Partnership of Kern's Head Start Family Financial Empowerment Needs Assessment

The Community Action Partnership of Kern (CAPK) created and conducted a large-scale Head Start Family Financial Empowerment Survey of all Head Start staff and parents. The assessment allowed CAPK to start a discussion with staff and parents about such financial needs as budgeting, credit reports, and opening a bank account.

Why?

CAPK saw Head Start families struggling with financial challenges that were barriers to self-sufficiency and recognized the need to understand the problem further. They were already implementing parts of a financial education curriculum and wanted to identify opportunities to do more to increase parents' financial capability.

How?

CAPK distributed the survey in both English and Spanish to staff and 2,250 parents of children enrolled in its Head Start and home-based programs.

Findings?

A total of 100 staff and 1,075 parents completed the survey, which provided information about family needs in the following areas: access to bank accounts, credit reports, emergency savings, retirement savings, spending plans, and patterns of tracking monthly expenses. The assessment assisted CAPK in adapting its current program offerings and in learning more about parents' financial challenges.



Appendix 1: Sample financial capability survey or interview questions⁵

These sample questions are intended to help organizations think through various dimensions of families' financial capability. A survey or interview does not need to include all the questions listed; they are simply provided as examples.

Topic	Possible Questions
Money Management <i>The income and expenses that comprise families' household budgets and how they manage this cash flow</i>	<ul style="list-style-type: none"> • What is your biggest financial worry or struggle? • What are your hopes and dreams related to your financial life? • What financial topics would you like to learn about? • What has shaped how you think about and use money? • What does effective money management look like for you and your family? • What is your primary source of income? • What are your most common expenses, and how do you cover those expenses? • What are unique expenses for you and your family? • Is your income enough to meet your family's basic needs?
Income Supports <i>Public benefits (such as Temporary Assistance for Needy Families, SNAP/Food Stamps, child care assistance, transportation assistance) & tax credits (such as the Earned Income Tax Credit or Child Tax Credit) that families receive or could receive</i>	<ul style="list-style-type: none"> • What public benefits, if any, does your family currently use? • How do you file your taxes, and how much do you pay to file you taxes? • Have you used Volunteer Income Tax Assistance (VITA) services? • What types of tax credits have you received in recent years?
Financial Products & Services <i>Whether and how parents use transactional accounts, savings accounts, check-cashing</i>	<ul style="list-style-type: none"> • What financial products and services do you know about in your community? • What are your feelings about and/or experiences with banks and credit unions? • How do you pay bills (e.g., with cash, credit card, checks, debit, etc.)? • What are the typical costs for the products and services you

⁵ These questions are adapted from Tool 1 of *Building Financial Capability: A Planning Guide for Integrated Services*, available at <https://www.acf.hhs.gov/ocs/resource/afi-resource-guide-building-financial-capability>.



<p><i>services, rent-to-own services, car loans, and more</i></p>	<p>use to pay bills (e.g., fees associated with a debit card)?</p> <ul style="list-style-type: none"> • How satisfied are you with the products and services you are using?
<p>Credit & Debt</p> <p><i>Parents' ability to borrow money and amount of money owed (such as mortgages, student loans, credit cards, payday loans, or rent-to-own services)</i></p>	<ul style="list-style-type: none"> • What types of credit products are you using, if any? What is the purpose of these credit products (e.g., to pay for things you need or things you want, or to build a credit history)? • Do you owe money? To whom? How much do you owe? How much do you pay in interest and fees? How are you balancing debt payments with your other bills and expenses? • What are your biggest challenges in accessing and using credit?
<p>Savings & Investments</p> <p><i>Money parents have set aside for future use and assets they own (such as a home, small business, or postsecondary education)</i></p>	<ul style="list-style-type: none"> • How often do you save? • How do you feel about your current savings habits? • What are you saving for? What would you like to save for? • What prevents you from saving? • What assets (e.g., a home, business, car, college education) do you own? • What assets do you want to obtain, and what is preventing you from obtaining them? • How do you use public incentives (such as tax deductions, downpayment assistance, matched savings accounts, or Pell Grants) to purchase assets?
<p>Consumer Protection & Insurance</p> <p><i>Parents' knowledge about and usage of costly, alternative financial services (e.g., payday and auto-title loans); insurance products (such as medical, dental, car, homeowner's, renter's, or life insurance) they have or could use</i></p>	<ul style="list-style-type: none"> • What do you feel you need to protect? • What types of insurance do you have? • How much does your insurance typically cost? • What challenges do you have getting or keeping insurance? • Is there a financial situation where you feel like you are being taken advantage of? • How do you protect yourself from being taken advantage of financially?

