SUPPORTING FINANCIAL EDUCATION IN RURAL COMMUNITIES

A synopsis of a policy convening discussion held on February 9, 2021

FOREWORD

In early-2021, the National Endowment for Financial Education® (NEFE®) and the Council for Economic Education (CEE) convened a series of virtual policy discussions to explore issues surrounding the state of financial education.

Stakeholders across the country gathered to discuss challenging aspects of the financial education field, with the goals of:

- Encouraging intentional approaches to financial education policy and practice that focus on evidence-based strategies, are informed by the right stakeholders and drive toward meaningful impact.
- Developing research questions that, if answered, could inform and advance the field.
- Facilitating spaces for individuals to network across agency and organizational sectors, making financial education conversations more connected.

Each convening consisted of presentations from industry leaders, plenary discussions and small group brainstorming sessions. This summary captures the major discussion points and themes we heard during this event.

NEFE and CEE acknowledge that we don't have a complete view of the challenges discussed in any of the convenings because of the limits of participant perspectives. These conversations are simply a start.

SUPPORTING FINANCIAL EDUCATION IN RURAL COMMUNITIES: EVENT OVERVIEW

This event attracted the largest number of virtual participants of the five-event series due to its focus on financial education in rural and isolated communities. Chrystel Cornelius, president and CEO of the Oweesta Corporation, Inc., acted as the session's moderator. Largely shaped by the presence of Native and military communities, this conversation focused on how the content of financial education curricula can better reflect and respect the values and realities of communities whose geography and culture are often overlooked in favor of traditionally dominant narratives.

"Funding for college is a complicated process. We do not need more information; we need a better way to navigate our students."

WHAT WE HEARD

Building a resilient community requires improving financial stability, one person at a time.

Participants cited many reasons they work within the financial education sector: to increase college access; support financial education teachers; promote self-sufficiency; and to complement a more holistic approach to workforce development. But two additional motives mentioned are worth a deeper look—to nudge equity and increase economic inclusion, and to promote community development and resilience.

"Nudge equity" in this context is not about addressing systemic discrimination or challenges that impact a person of color's opportunities for economic inclusion and mobility. The participants referenced it as noting the lack of assets, resources and supports within their communities and then taking action toward bolstering these practical needs. Participants shared a strong desire to help people who are trying to get ahead. Providing resources, guidance and support to build human capital, such as when learners obtain a credential, or to build personal assets that promote family development, like purchasing a car or a home, can make lasting change within a community.

Promoting community development and resilience is perhaps an unsurprising motivator for participants working this space. Participants articulated a desire to build stronger communities and in so doing, strengthening local economies. Whereas economies of scale benefit urban areas, a slight structural shift in a rural area can decimate the local economy. For example, if one hospital closes in an urban area, there are likely other health care facilities within city limits to provide health care and jobs to those residents. However, the closure of a hospital can have devastating effects on the job opportunities and local economies in a smaller rural town. Likewise banking consolidation over the past few decades has reduced investment and credit access in some rural areas.[1] Participant comments seemed overwhelmingly to align with the recent policy recommendation from the Center for American Progress: "The United States needs to rethink how it invests in rural communities [and] promote economic growth by building out the middle class and giving communities the resources and autonomy to chart their own futures. The changing realities of rural America demand an economic framework that is not constrained by stereotypes, but rather embraces the diversity of rural communities and economies."[2]

> ***"I grew up in a rural community. Things have changed somewhat. There are colleges within the reach of every student. I'm not sure we're giving the right advice at the right time."***

[1]Center for American Progress **(https://www.americanprogress.org)** (September 2020) **The Path to Rural Resilience in America**
[2]Center for American Progress **(https://www.americanprogress.org)** (September 2020) **The Path to Rural Resilience in America**

An inclusive approach to financial education in rural communities starts within the community itself.

Participants quickly pointed out the many assets within their communities provide various touchpoints for trusted intermediaries to facilitate financial education. Some were commonplace and often were referenced within the context of community partnerships, like, after school programs, universities, faith-based organizations and non-profits like Boys and Girls Clubs. Yet other touchpoints were indicative of tight-knit communities and the places that support them with basic needs, such as laundromats, hairdressers, food banks and youth sport organizations. These community assets could help address resource shortages and lack of infrastructure that can impede financial education initiatives.

When discussing the best ways to approach financial education in rural communities, phrases like “align efforts,” “address inconsistencies,” “leverage partnerships,” “trust local solutions,” and “distribute resources,” resonated among participants. They frequently mentioned approaches that reinforce that the financial education field needs to work together, starting with community-centric approaches that include community-based organizations, institutions and businesses. The conversation contained a direct appeal to those working in financial education at the national level—to reduce conflicting information and definitions through more unified approaches to definitions, objectives and metrics for consistent guidance, and to communicate with one voice.

There is a need for more inclusive products and messaging in financial education.

Participants observed that the typical financial sector business model operates on efficiencies of scale, that the financial education sector tends to promote tactics that lead to preconceived signals of financial well-being and that both of these sectors could benefit from more inclusive practices that reflect diverse cultural values found in rural areas. For example, access to traditional financial institutions can be challenged when less-populated areas are deemed less profitable for financial institutions. Likewise, non-traditional financial products that meet the needs of more diverse populations, such as fee-based rather than interest-bearing loan products, are largely unavailable in less populated communities. Furthermore, scarce resources, such as the number of smart phone devices per household and the digital divide, limit access to virtual products and institutions, leaving many more rural areas at the mercy of whatever financial products they can find within their regions, even if those products come at a greater expense. This is not equity.

Policymakers and practitioners would benefit from learning about the resources and assets that exist within rural communities and the unique financial needs and goals these populations may require. Ask “what is important for this community?” rather than state “what we think is important is…” Crafting policy and curricula through an urban lens limits those without an urban infrastructure or resources. For example, expecting rural school districts to be able to source and pay for a subject matter expert trained to deliver financial education in a high school setting could be unrealistic without additional resources or support.

Finally, financial education needs to develop more inclusive financial goals, tactics and success metrics. For example, some cultures value community development over self-reliance and therefore see “wealth-building” and “savings” as selfish; however, these concepts can be reframed to be more culturally acceptable by calling them “asset building” and “a bill you pay your grandchildren” or by simply shifting the

The term “assets” goes beyond money. Participants encouraged educators to think about non-financial assets other household members may be bringing in. Multigenerational households are common; it can be helpful to consider two- and three-generation approaches. Family and community assets, and not just individual assets, are critical to these financial conversations.

pronoun from "I" to "we." Those new to this country, and the concept of an insured financial institution, may struggle to trust that their money is safe in a formal savings account but would not hesitate to participate in a savings circle with other trusted family and friends. Land ownership may not resonate with a population that believes the land cannot be "owned" nor those in communities who have been systemically excluded from home or land ownership. Assessing one's "wants and needs" or determining how to best allocate "discretionary spending" may seem hollow to students who come from less affluent backgrounds.

> ***"Help people understand their personal "money circle"—who they can trust within their communities."***

Financial educators who are part of these communities and work with these populations understand these nuances and know how to adjust content so that it reflects the values and goals of that specific community, rather than the values and goals of the ones who often design the curricula or a state program. What is missing are the feedback loops that allow those with a more macro view to better understand the diverse financial education needs on the ground.

Supporting financial education in rural areas centers around appreciating the lived experiences of these communities.

Participants proffered many recommendations to improve financial education in rural communities, starting with reframing or adjusting what "financial well-being" looks like to verify it reflects a community's values and assets and ensure education messaging resonates. It was noted that learners are experts in their own lived experiences. Financial educators and coaches should allow personal finance narratives and stories to emerge in the classroom, highlight and explore different personal finance narratives and use those narratives to determine education activities and metrics of success. This approach can help build the empathy and trust necessary when asking learners and their families to explore their financial vulnerabilities. It is important that educators and counselors are sensitive to these vulnerabilities as they enter these personal topics.

Finally, many participants shared how their communities are under-resourced and lack infrastructure assumed by those creating content or crafting policies at the state or national levels. Only nine states have widespread broadband connectivity and speed that allows access to online services such as banking and education.[3] Native nations often live in food deserts and economic deserts and can experience challenges with computer literacy. Rural communities often find themselves in higher education and health care deserts. Some households only have one smart phone per family; others have older technology that creates hurdles to access online content or two-step authentication. Over the course of this conversation, participants expressed that lecturing these communities on assumed deficits does not build trust or financial capability. Instead, make sure financial content and goals reflect the assets and the infrastructure available within that community.

***Food deserts* refer to an area that has limited access to affordable and nutritious food. An *economic desert* is a term used to describe a geographic area that lacks material wealth, economic resources and opportunities to build wealth.**

[3] The Verge **(www.theverge.com)** (May 2021) **This Is the Map of America's Broadband Problem: A county-by-county look at the broadband gap**

ADDENDUM

Overarching Policy Considerations

Plan with evaluation in mind: Evaluations need to be formulated during the planning phase of a state program, initiative or mandate for maximum program and initiative impact.

Address banking deserts: There needs to be infrastructure in place for money to get to individuals to receive money owed to them, whether from emergency assistance initiatives or tax incentives. Many rural areas lack brick-and-mortar banks, requiring individuals to drive a long distance (assuming they have access to reliable transportation.) Alternatives could include online banking, but not everyone has access to the internet. Access to financial services and products must be addressed in order to alleviate this equity concern.

Increase state efforts to deter predatory lending in these communities: Rural, Native and military populations all are targeted by predatory lenders. For example, it is not uncommon that rural and military personnel are overinsured because they do not fully understand existing benefits or the potential risks they may face.

Questions for Researchers

We heard diverse perspectives on what next steps for the financial education field should look like, but these questions surfaced as the next thing the community of practice should answer to move the field forward. These questions are relevant to the topics from all five events:

- Where is financial education the right tool to improve financial well-being and where could choices and behaviors be the driver for influencing financial well-being?
- What is the cost of *not* offering financial education?
- Is there research from other education disciplines that could help inform the effectiveness of financial education?
- Is there research from other disciplines outside of education we could use to make the case for financial education?
- What is the business case for financial education? Can we quantify the economic return? What is the public benefit?

Other Questions Raised for Policy and Sector Leadership

- Who should be accountable for ensuring financial education policies work for diverse communities?
- What might more inclusive financial well-being markers look like? What is an inclusive definition of "financial success"?
- With the many players in the field, how can you know the right organization to work with?
- Are there other potential vehicles for program delivery that may be overlooked, e.g., municipal-led initiatives?
- What does the next level of leadership in financial education look like?
- What else other than funding might incentivize implementing financial education programming in schools?
- What are the possible gains or challenges of a national approach to financial education?

APPENDIX A—PROGRAMS REFERENCED DURING POLICY CONVENINGS[4]

- **Misadventures in Money Management**
- **Financial Fitness for Life**
- Minnesota Financial Fiscal Network
- Oklahoma Community Development Financial Institutions
- Annual America Saves Week
- Teach Children to Save Day
- Economics Arkansas

APPENDIX B—PARTICIPATION BY ORGANIZATION AND STATE

Organization	State
Arkansas Bankers Association	Arkansas
Arkansas State Treasurer's office	Arkansas
Center for Economic Education	Iowa
Consumer Financial Protection Bureau	Washington D.C.
Cloud L. Cray Foundation	Kansas
Colorado House of Representatives	Colorado
Community Bankers of Iowa	Iowa
Community Foundation of Ardmore	Oklahoma
Consumer Credit Counseling Service	Kansas
Council for Economic Education	New York
Daniels Fund	Colorado
Director of Housing and Homeownership Initiative	South Dakota
Eastern Kentucky University	Kentucky
Economic Literacy Colorado	Colorado
Economics Arkansas	Arkansas

[4]Please note that this is a list meant to describe programming referenced during these conversations by event participants and does not represent an endorsement by the National Endowment for Financial Education nor the Council for Economic Education.

Federal Reserve Bank of Kansas City, Oklahoma City Branch	Oklahoma
Federal Reserve Bank of St. Louis	Missouri
Federal Reserve Bank of St. Louis, Memphis Branch	Tennessee
Federal Student Aid	Washington D.C.
Hopi Credit Association	Arizona
Iowa Credit Union Foundation	Iowa
Iowa Division of Banking	Iowa
Iowa Treasurer of State	Iowa
Kansas Council on (for) Economic Education	Kansas
Kentucky Department of Education	Kentucky
Kentucky Financial Empowerment Commission	Kentucky
Kentucky State Treasury	Kentucky
LiftFund	Texas
Maine Department of Education	Maine
Minnesota Council on Economic Education	Minnesota
Minnesota Department of Commerce	Minnesota
Montana Council on Economic Education	Montana
Montana Financial Education Coalition	Montana
Montana Office of Public Instruction	Montana
Morgan Stanley	Minnesota
National Association of State Treasurers (NAST)	Washington D.C.
Nebraska Bankers Association	Nebraska
Nebraska Council on Economic Education	Nebraska
Nebraska Department of Education	Nebraska
National Endowment for Financial Education	Colorado
Nixyáawii Community Financial Services	Oregon
North Dakota State University	North Dakota

Office of Governor Hutchinson- Arkansas	Arkansas
Oklahoma Council on Economic Education	Oklahoma
Oklahoma Native Assets Coalition, Inc.	Oklahoma
Oklahoma State Department of Education	Oklahoma
Oweesta Corporation, Inc.	Colorado
Reality U, The Pando Initiative	Kansas
Santa Clara Pueblo Housing Authority	New Mexico
South Dakota State University Extension	South Dakota
Texas Bankers Association	Texas
Trustmark	Mississippi
University of Arkansas Division of Agriculture Extension	Arkansas
University of Minnesota Extension	Minnesota
University of Minnesota Extension, Family Resilience	Minnesota
University of Minnesota	Minnesota
University of Nebraska at Omaha	Nebraska
University of Texas at Tyler	Texas
United States Department of the Treasury	Washington D.C.
Warm Springs Community Action Team	Oregon
White Mountain Apache Tribe/TANF	Arizona
Wyoming State Treasurer's Office	Wyoming

"Broadband is good for schools but also for ATMs."

APPENDIX C—HELPFUL DEFINITIONS AND RESOURCES

Helpful definitions

Community: a geographic area with a population size between 1,200 and 8,000 people, covering a contiguous area with boundaries that generally follow visible and identifiable features. A community can also be described as a town, village or neighborhood depending on its size and characteristic. (Census Bureau) Note: Although this technical definition is accurate, we would like to add this definition from Wikipedia as it is more inclusive of the communities we will be discussing: A community is a social unit (a group of living things) with commonality such as norms, religion, values, customs, or identity. Communities may share a sense of place situated in a given geographical area (e.g., a country, village, town, or neighborhood) or in virtual space through communication platforms.

Financial Capability: the individual's ability to act in their own self-defined best interested. This includes having the knowledge and skill to decide or act and the ability to exercise choice or take action. (National Endowment for Financial Education)

Financial Education: a systematic approach to cultivating financial knowledge and financial decision-making skills. It implies the use of appropriate pedagogy, learning objectives and assessment techniques, as well as being of adequate duration to allow the learner to incorporate new knowledge into their existing schema. (National Endowment for Financial Education)

Financial Information: a variety of tools, resources and activities that inform the individual about a topic or decision. (National Endowment for Financial Education)

Financial Literacy: the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. (President's Advisory Council on Financial Literacy)

Financial Well-being: self-defined by the individual and typically includes factors such as satisfaction with ability to manage current situation, ability to exercise choice and feel in control, and future prospects. (National Endowment for Financial Education)

Isolated Communities: community isolated from opportunities due to geographical distance or obstacles. Note: When we first identified this convening as focusing on "rural" communities, we were thinking of those communities isolated from mainstream opportunities due solely to geography. Over the course of conducting our research for this event, however, we learned that there are many communities that lack infrastructure or are disconnected from mainstream opportunities yet still reside in populated or urban areas, and rural was really a subset. For the purpose of this conversation, we are looking at three discrete categories of communities with a strong identity and culture not often reflected in traditional financial education: native communities, military communities and rural communities. It is on those communities we will focus our conversation today.

Rural: open countryside and settlements with fewer than 2,500 residents. (US Census Bureau)

> ***"Ask "what is important for this community?" not "what we think is important is..."***

Helpful resources

2020 Survey of the States (CEE)

Building Native Communities Financial Empowerment for Teens & Young Adults (Oweesta)

The Education Changemaker's Guidebook to Systems Thinking (KnowledgeWorks)

Financial Capability Integration in Rural Communities (Prosperity Now)

How Did State Mandated Financial Education Standards in Oklahoma Affect the Credit Behaviors of Young Adults? (Dr. Carly Urban, Dr. Maximillian Schmeiser, Dr. Alexandra Brown)

Promoting Financial Empowerment Through Building Native Communities (Oweesta Corporation, Inc.)

"We have about 250 state charter banks, 75% are located in small communities. What problems to they experience out there compared to what I see in the metro area?"

"We have to discuss "assets" as being beyond money. Multi-generational households are common; we need to approach financial coaching with that in mind. Think about other assets that others are bringing in. Family and community assets are critical."

About NEFE

NEFE is a nonprofit, nonpartisan, independent leader that provides guidance, research, resources and thought-leadership for the national community of financial well-being advocates. We envision a nation where everyone has the knowledge, confidence and opportunity to live their best financial life. Learn more at **www.nefe.org**.