

# How do we help families survive and thrive in the State of Michigan?



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# Financial Capability... More than just Financial Education

## FINANCIAL EXCLUSION



neither financial education  
nor a savings account

## FINANCIAL EDUCATION



financial education only

## FINANCIAL INCLUSION



a savings account only

## FINANCIAL CAPABILITY



financial education +  
savings account

In a typical month, how difficult is it for you to cover your expenses and pay all your bills?

### Michigan Results:

Somewhat Difficult: 39%

Very Difficult: 11%

How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?

### Michigan Results:

Probably Not: 15%

Certainly Not: 23%

Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?

### Michigan Results:

No: 49%

# When is the right time for Education?

## “Just in Time” Financial Education

- Situationally appropriate
- Interest by the participant

Is education alone  
enough?

However... it negates  
the opportunity for  
planning and  
preparation



# “Financial Resilience in Families”- Research

2013 - Qualitative retrospective research on the experience of families who sought foreclosure counseling in 2010 in a Metro Detroit community

## Income Supports...

“[It’s like] you have a family member in the hospital, and that person was in the hospital for a very long time. And come to find out there was a miracle cure for that person... And then all of a sudden that person got a shot and they were healthy.”

## Identified Family Protective Factors:

- **Role of Family Support**
  - Source of Strength
  - Living for Others
  - Importance of Healthy Relationships Prior to Crisis
- **Importance of Faith**
- **Importance of Income Supports**
- **Importance of Positive Attitude/Motivation**

## Findings

- Importance of Understanding Reason
- Importance of Family Composition and Family Support
- Importance of Income and Income Supports
- Age as a Factor

# Implications for Practitioners

## The Experience of Families

- Navigating a New Normal Reality
- The Element of Time
- Role of the “System”

“[Families] have to understand what happened... do some reflection...[it is important to] understand what the situation is now. And also... how can we create an alternative future here.”

**WHAT AND WHY?**

**Tobe, E., Ames, B.D., Carolan, M., & Onaga, E. (2016).** Surviving the recession: implications for practitioners to better support housing counseling clientele. *Journal of Human Sciences and Extension*. 4(3), 45-60.

## Importance of Information and Social Support for Families

- Importance of a Financial Check-Up, Identifying Family Goals, and Improving Credit and Debt-Management
- Providing Access to a Diverse Network of Community Resources
- Need for Post Transition Support

“[we need] to follow up with families to find out what happened.”

**HOW?**



# Other Strategies: Role of a “Nudge”

## What are behavioral insights?

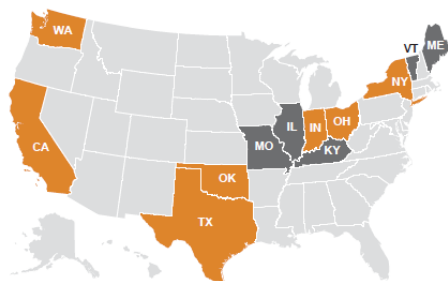
Focus on the way staff and clients **actually make decisions and behave**, rather than relying on traditional economic assumptions of “rational” behavior.

Apply insights and tools from decades of **behavioral science** research to influence real-world decisions and actions.

The BIAS project explored behavioral interventions to tackle problems in three primary domains — child support, child care, and work support — across agencies in a dozen states.

15 randomized trials in 7 states, with nearly 100,000 participants

Exploratory research and pilots in 5 states



## Behavioral Techniques Employed in BIAS

BIAS used a variety of behavioral principles across the project sites to improve how programs interact and communicate with their clients regarding desired outcomes. These strategies can be illustrated by the SIMPLER framework.

|                                |                                     |               |  |
|--------------------------------|-------------------------------------|---------------|--|
| <b>S</b> OCIAL INFLUENCE       | Persuade by referencing peers       | IN NEW YORK   | Hundreds of Paycheck Plus members <i>just like you</i> had a short conversation with our staff about how to earn an extra \$2,000 next year. |
| <b>I</b> MPLEMENTATION PROMPTS | Establish steps to a desired action |               |  |
| <b>M</b> AKE DEADLINES         | Make deadlines prominent            |               |  |
| <b>P</b> ERSONALIZATION        | Customize for the individual        |               |  |
| <b>L</b> OSS AVERSION          | Emphasize losses, not just gains    | IN CALIFORNIA | By not attending your appointment, you may: <b>LOSE up to \$2,508</b> a year in cash benefits.   |
| <b>E</b> ASE                   | Reduce steps in a process           |               |  |
| <b>R</b> EMINDERS              | Use phone calls, texts, postcards   | IN OHIO       | Your child support payment is due in 3 days. Pay on time to avoid penalties.   |

## BIAS Snapshot of Findings

In 11 of the 15 randomized controlled trials, behavioral “nudges” like reminders or simplified, personalized letters had a statistically significant impact on at least one primary outcome (shown below).

| Each test used a customized behavioral intervention for a desired outcome. |                    | While effects were usually modest... |            |                     | ... they are meaningful due to their scalability ... | ... and low cost.                                  |
|--|--------------------|--------------------------------------|------------|---------------------|--|--|
| PROBLEM OF INTEREST  | STATE <sup>a</sup> | INTERVENTION RESULTS (%)             |            |                     | SAMPLE SIZE<br>= 1,000 people                        | ADDED COST FOR INTERVENTION<br>Per person estimate |
|  |                    | BIAS Group                           | Status Quo | IMPACT <sup>b</sup> |  |  |
| <b>CHILD SUPPORT</b>   |                    |                                      |            |                     |  |  |
| INCREASE ORDER MODIFICATION REQUESTS BY INCARCERATED NONCUSTODIAL PARENTS  | Texas              | 38.7                                 | 27.7       | 11.0***             | 1000   | \$1.73   |
|  | Washington         | 41.3                                 | 9.4        | 31.9***             | 1000   | \$10.46  |
| INCREASE PAYMENT RATES ON EXISTING CHILD SUPPORT ORDERS                    | Ohio               | 51.5                                 | 48.5       | 2.9***              | 1000   | \$2.52   |
|  | Ohio               | 40.7                                 | 38.2       | 2.4***              | 1000   | \$3.25   |
|  | Ohio               | 50.5                                 | 47.3       | 3.2**               | 1000   | \$3.25   |
| <b>CHILD CARE</b>  |                    |                                      |            |                     |  |  |
| INCREASE TAKE-UP OF PROVIDERS RATED HIGH-QUALITY                           | Indiana            | 14.7                                 | 12.6       | 2.1*                | 1000   | \$1.40   |
| INCREASE ATTENDANCE AT FIRST SCHEDULED RENEWAL APPOINTMENT                 | Indiana            | 52.6                                 | 50.0       | 2.6*                | 1000   | \$1.93   |
|  | Indiana            | 54.7                                 | 44.1       | 10.6***             | 1000   | \$2.79   |
| INCREASE ON-TIME SUBSIDY RENEWALS  | Oklahoma           | 36.7                                 | 34.4       | 2.4*                | 1000   | \$1.10   |
| <b>WORK SUPPORT</b>  |                    |                                      |            |                     |  |  |
| INCREASE MEETING ATTENDANCE FOR TAX CREDIT PROGRAM                         | New York           | 28.5                                 | 16.5       | 12.0***             | 1000   | \$1.75   |
| INCREASE ENGAGEMENT IN TEMPORARY ASSISTANCE FOR NEEDY FAMILIES             | California         | 29.2                                 | 25.6       | 3.6*                | 1000   | \$1.79   |

<sup>a</sup>Tests ran in one or more counties in each state.

<sup>b</sup>Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

## What's Next?

The BIAS project was funded by the federal Office of Planning, Research and Evaluation (OPRE) of the Administration for Children and Families in the U.S. Department of Health and Human Services, and led by MDRC.



### BIAS – Next Generation

OPRE is continuing its partnership with MDRC to expand the use of behavioral science to a wider range of programs, go beyond “nudges,” include more implementation research, and develop tools for program administrators.

### Center for Applied Behavioral Sciences (CABS)

This new initiative combines MDRC's expertise in social and education programs with insights from behavioral science. CABS develops innovative, low-cost interventions, tests their impact through experimentation, and provides technical assistance to programs incorporating behavioral insights.

For more information, contact [bias.info@mdrc.org](mailto:bias.info@mdrc.org)

Use #povertynudge to tweet about the project

# Student Loans – Indiana University



**Nudge:** Simple Letter alerting students the amount of debt they had taken on

**Result:** “Federal undergraduate Stafford loan disbursements at the public university dropped 11 percent, or \$31 million, in the nine-month period that ended March 31, according to Department of Education data.”

Source:

<http://www.indystar.com/story/news/education/2014/07/06/indiana-universitys-debt-letters-cut-student-borrowing/12277277/>

# Connecting Delinquent Taxpayers with Step Forward Michigan Funds

## MSUE 2017

So far this year MSUE program was successful in helping 43 homeowners receive Step Forward MI funds

Also Resulting In  
**\$322,065**

Sent to Macomb County Treasurer's Office

Which is 56% of the total funds the County has received this year from Step Forward MI.



■ SFM from MSUE (56%) ■ Other SFM Funds (44%)

## MSUE Overall Results since 2013

242 homeowners approved for Step Forward MI with MSUE's help

Resulting in a total of

**\$1,645,169**

sent to Macomb County Treasurer's Office since 2013



36% of all the Step Forward funds the County has received to date.

That's 31% of Macomb county residents who received help.