



Federal Reserve
Bank of Dallas

Developing Financial Capability in Our Communities

2022 Summer Professional
Series: El Paso

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The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System.

Session Goals

- Identify the problem
- Differentiate between financial literacy and capability
- Understand the components of financial capability
- Explore community barriers related to financial capability
- Identify tools and resources to develop our community's skills

Introduction to the Problem

Name

Organization / Department

Date

One Crisis Away...



Defining Financial Capability

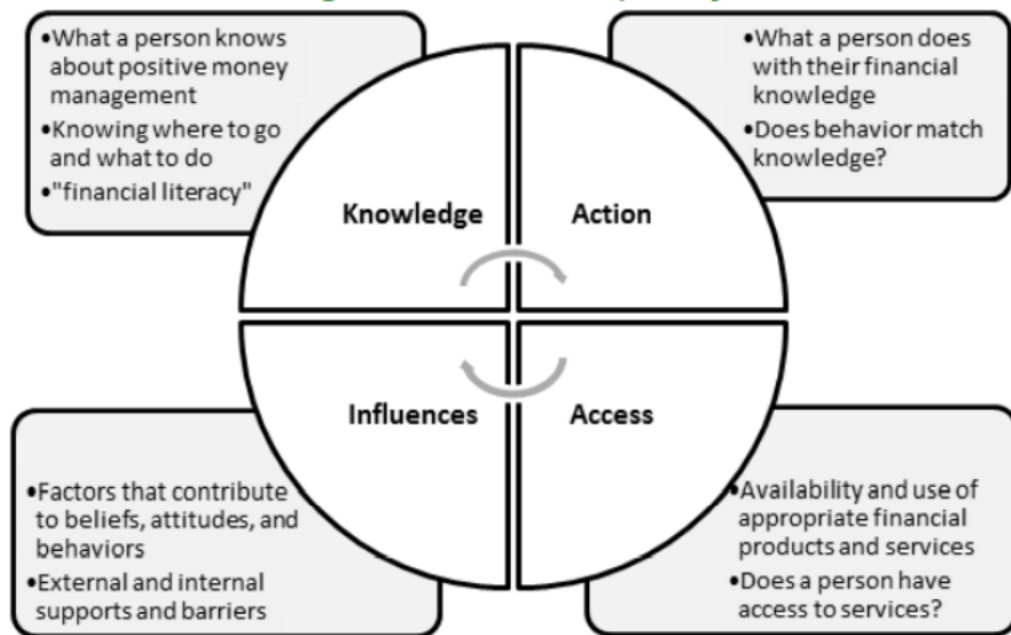
Financial capability is the *internal capacity* to act in one's best financial interest, given socioeconomic environmental conditions. Financial capability encompasses the knowledge, attitudes, skills, and behaviors of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs.

Source: World Bank, 2022

Beyond Just Literacy

- Financial Literacy v. Financial Capability...Knowing v. Being able to do something about it (behavior)
- Components of Capability
 - Knowledge of the Skills
 - Conditions or Barriers to support Using Skills
 - Housing
 - Employment
 - Emotional State/Mindset

Figure 1: Financial Capability



Source: Peggy Olive, UW Cooperative Extension Family Living Program "The Role of Helping Professionals in Building Financial Capability"

Exploring the Community

Name

Organization / Department

Date

El Paso, Texas

Population: 865, 947

Hispanic or Latino, percent: 82.9%

High School Graduate or Higher: 79%

Persons in Poverty: 17.6%

Source: U.S. Census, 2021

Our Community's KNOWLEDGE



FINANCIAL SKILL SCALE

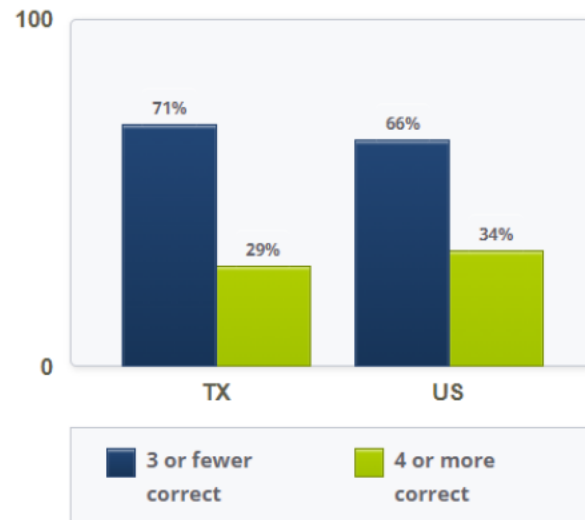
Questionnaire

 NAME OR NUMBER

Part 1: How well does this statement describe you or your situation?

This statement describes me	Not at all	Very little	Somewhat	Very well	Completely
1. I know how to make complex financial decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am able to make good financial decisions that are new to me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I know how to get myself to follow through on my financial intentions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I am able to recognize a good financial investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I know how to keep myself from spending too much	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I know how to make myself save	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I know where to find the advice I need to make decisions involving money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Texas vs. U.S.
2018 Financial Literacy



Source: FINRA Investor Education Foundation, National Financial Capability Study, 2018

Our Community's ACCESS



[Home](#) [Workplace Giving](#) [Donor Networks](#) [Small Business](#)



Emergency Food & Shelter Program (EFSP)

The Emergency Food and Shelter Program supports those experiencing hunger and homelessness throughout the community. United Way allocated federal funding in order to support programs and organizations offering provisions and housing to those in need, which was especially important during the COVID-19 pandemic. United Way raised \$145,000 to support food and shelter programs assisting those in need during the pandemic. Through funding through the CARES grant, the average total meals served through the ESFP was 1,229,554 and 5,839 nights at local shelters was supported. In addition, we allocated grant funding to support 235 rent or mortgage payments and 10 utility assistance payments.

2021-2023 PARTNER AGENCIES

United Way supports a strong network of agencies that provide much needed services and programs to families and children. Investments in the Community Impact Fund offer critical programs to improve the education, health, basic needs and financial stability for people throughout our local community.



BOY SCOUTS
OF AMERICA
YUCCA COUNCIL



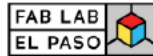
BOYS & GIRLS CLUBS
OF EL PASO



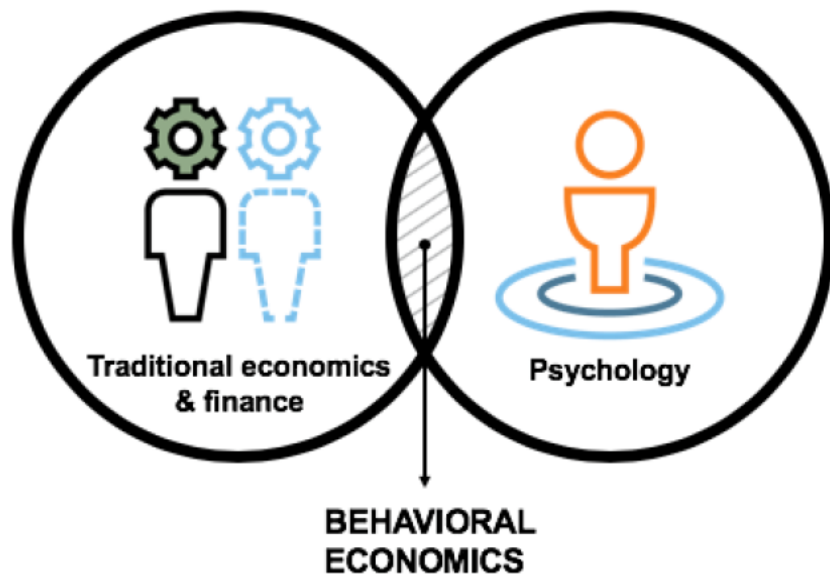
CASA
Court Appointed Special Advocates
FOR CHILDREN
CASA OF EL PASO, INC.



center against sexual & family violence



Our Community's ACTIONS



Statewide, 23% of those who lost income used credit cards, and 22% applied for unemployment.

Which of the following have you used to meet household needs?

	Percent
Increased balance on credit card	26%
Applied for unemployment	21%
Used a food pantry/food bank	29%
Borrowed from family or friends	23%
Applied for Food Stamps/SNAP	12%
Found a new way to make money	13%
Taken out a loan	9%
Applied for other government assistance	7%
Assistance from a community organization/nonprofit	7%

Multiple responses allowed.

* This group eliminated those that reported having "no needs" in an early question.

Source: United Way of Texas COVID-19 Response Survey, Border Counties, 2020

Our Community's INFLUENCES

RACIAL DISPARITY REPORT

EL PASO, TX METRO

PROSPERITY NOW
SCORECARD

HOW ARE FAMILIES OF COLOR FARING?

The *Prosperity Now Scorecard* is a comprehensive look at all Americans' financial security today, and their opportunities to create a more prosperous future. Overwhelmingly, people of color struggle to achieve financial stability, and all too often are unable to access the drivers of economic mobility.



HOMEOWNERSHIP & HOUSING

Homeownership Rate

Percentage of occupied housing units that are owner-occupied

61.3% of El Paso, TX Metro households of color are homeowners

American Community Survey, 2015-2019



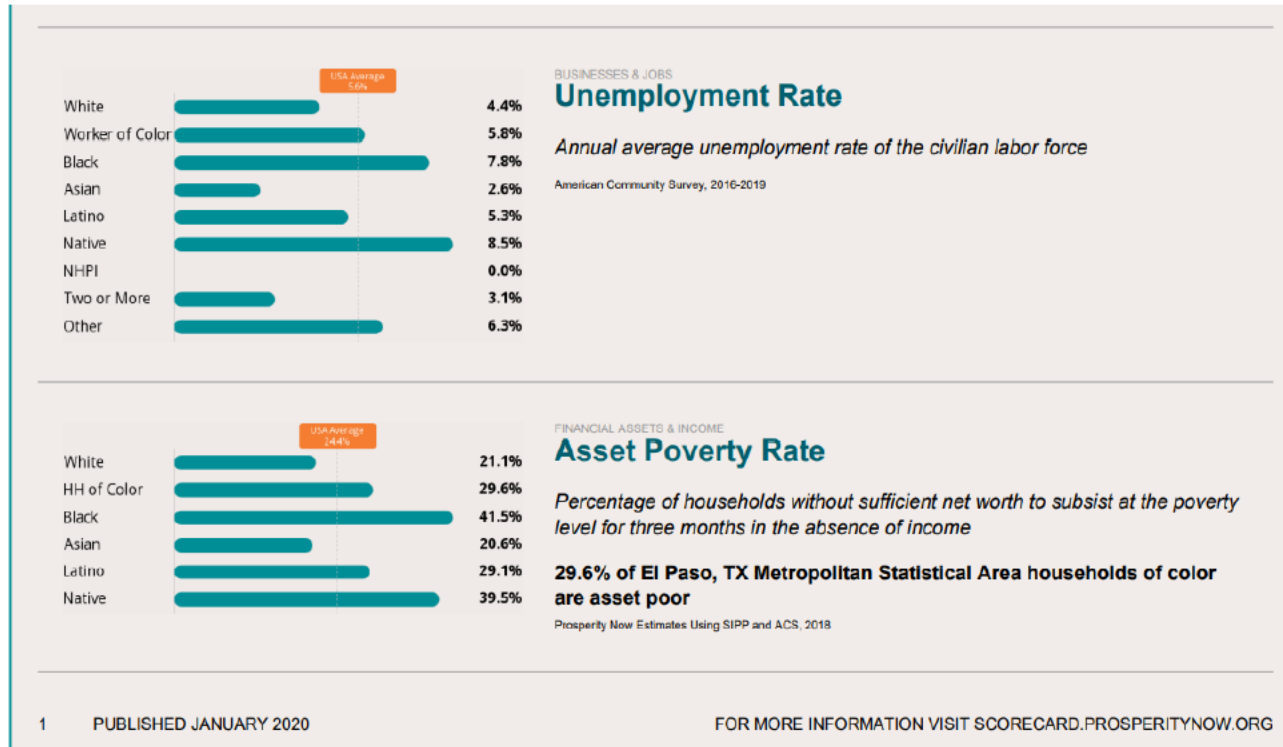
FINANCIAL ASSETS & INCOME

Income Poverty Rate

Percentage of households with income below the federal poverty threshold

19.7% of El Paso, TX Metro families of color live in income poverty

American Community Survey, 2015-2019



Asset Poverty

Asset poverty

Definition: **family doesn't have enough assets to meet basic costs in an emergency.**

Types of **assets**:

- Car
- Home
- Savings



Potential **emergencies**:

- Job loss
- Medical emergency
- Car trouble



Understanding family preparation and reaction to COVID-19 helps to guide resources and responses to help those suffering from the effect of the virus. In Texas statewide, 28% of the families were ready for only two weeks or less without an income.

Prior to March 1, 2020, how long could you cover your basic bills from your savings?

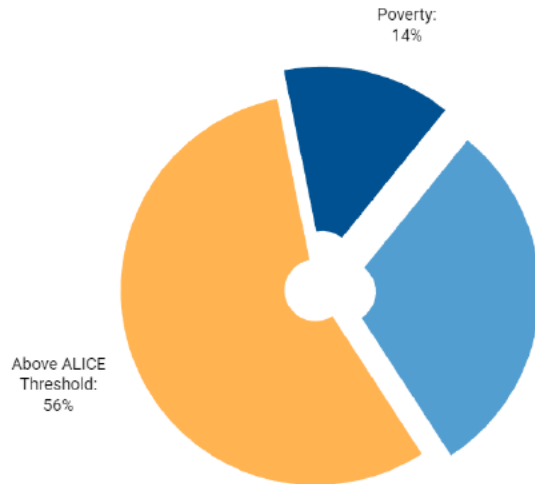
	Percent
More than two months	29%
Two months	21%
One month	26%
Three weeks	3%
Two weeks	13%
One week or less	9%

Source: United Way of Texas COVID-19 Response Survey, Border Counties, 2020

ALICE



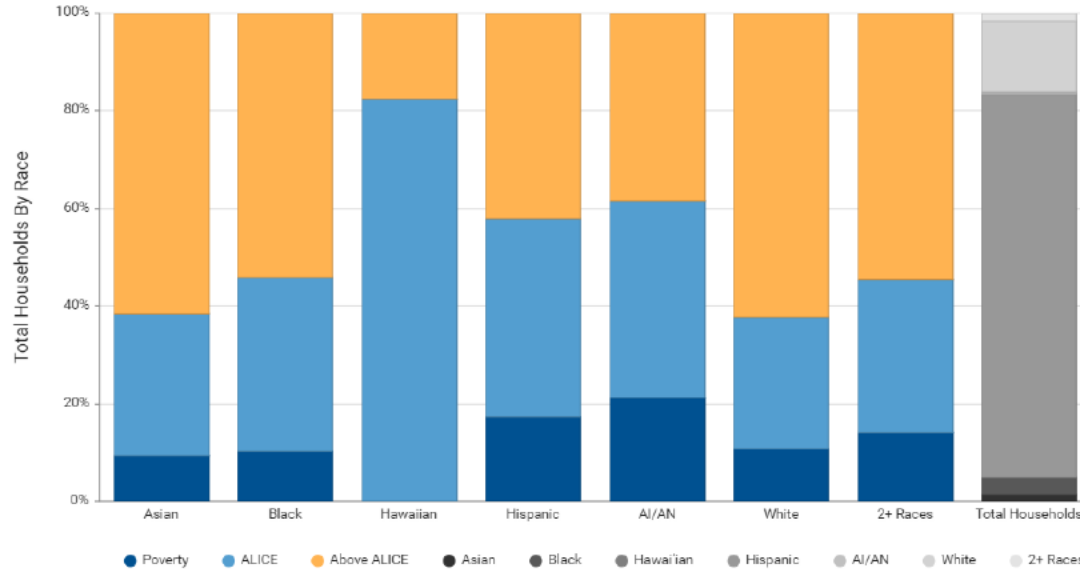
ALICE is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, and represents the growing number of families who are unable to afford the basics of housing, child care, food, transportation, health care, and technology. These workers often struggle to keep their own households from financial ruin, while keeping our local communities running.



What are the races and ethnicities of ALICE households?


Overall, the races and ethnicities of ALICE households mirror those of the total state population. Yet some groups still face economic and systemic barriers that limit their earnings and make them more likely to live below the ALICE Threshold.

Households by Race/Ethnicity, El Paso County, Texas, 2018


[View Notes](#)
[View Source](#)

54 percent of El Paso households on the edge of poverty...

Household Type: All Households			
County	Households		% Below ALICE Threshold
Donley	1,290		49%
Duval	3,511		66%
Eastland	6,460		59%
Ector	54,326		43%
Edwards	686		51%
El Paso	270,160		54%
Ellis	58,633		34%
Erath	13,961		49%
Falls	5,237		64%
Fannin	12,231		44%



Developing the Community

Name

Organization / Department

Date

Learning by Doing

- Financial capability develops **through learning by doing**. (U.S. Office of the Comptroller of the Currency, 2019)
 - Support existing initiatives
 - Take part in community events
 - Get trained (see Dallas Fed Econ Ed team) and teach community workshops
 - Become a pro bono financial advisor
 - Contribute financially to organizations promoting financial literacy and capability

Resources

[About Building Wealth](#)
[Resources](#)
[Online Guide](#)
[Order Building Wealth](#)
[Acknowledgments](#)



Building Wealth

A Beginner's Guide to Securing Your Financial Future

Building Wealth is a personal finance education resource that presents an overview of wealth-building strategies for **consumers**, **community leaders**, **teachers** and **students**.



For Consumers

I want to learn how to build wealth for myself and my family.

[READ MORE >>](#)



For Community Leaders

I lead a group of adults interested in improving our personal finance skills.

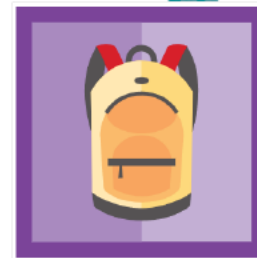
[READ MORE >>](#)



For Teachers

I teach financial education to high school or college students.

[READ MORE >>](#)



For Students

I am a student and want to learn how to create personal wealth and meet my financial goals.

[READ MORE >>](#)



More Resources

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Building Wealth

 Federal Reserve Bank of Dallas

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Community Development

www.dallasfed.org/community

Promoting the economic resilience and mobility of underserved communities.

May 16, 2022



Economic Development and Human Capital

Economy's Essential Early Care and Education Industry Recovering but Still Faces Labor Shortfall

Anna Crockett and Xiaohan Zhang

When the pandemic first struck and many child care centers closed, ECE worker unemployment spiked. Now that two years have passed since the onset of COVID-19 in the United States, to what extent has the industry recovered?

Education | Healthy Communities | Workforce Development

March 21, 2022



February 25, 2022



SPOTLIGHT



Remember Natalie?



Questions



Contact Information



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