



Lower Financial Management Skills Increase Your Risk of Hunger



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Publication: *Financial Literacy and Food Security in Extremely Vulnerable Households* has been submitted for publication to the Journal of Health Economics.

Media: KERA 90.1, local NPR affiliate, has devoted a segment of its *One Crisis Away* series to this study.

The Study

We surveyed over 1,000 heads of household at 38 North Texas Food Bank Partner Agency food pantries. The survey covered many areas of life, including four elements of financial life:

- **Knowledge** (e.g. how well you understand how interest rates work)
- **Practices** (e.g. whether you use a budget, how often you review bills for accuracy, if you pay bills with a checking account, etc.)
- **Confidence** (e.g. how confident you are in your ability to manage your money)
- **Beliefs** (e.g. whether money management is an important value for you)

These four elements were combined to generate a single score - a measure of **overall financial management skill**. This factor was analyzed along with food security level and a wide range of social and economic variables.

What We Learned

Do stronger financial management skills make people more food secure?

Yes.

Which of the four elements matters the most?

Practices.

How big a difference do financial management skills make?

If those who got medium low scores could move closer to medium high scores, they might reduce their risk of hunger by 18 percentage points.

Nearly 1 in 5 food insecure households could become food secure.

What it Means

To more effectively respond to food insecurity, the North Texas Food Bank should closely align food assistance programs with opportunities for households to build strong financial management skills, among other critical services.