



# **Asset Building in Rural Communities:**

## **Exploring Barriers and Identifying Opportunities**

Policy  
**BRIEF**



## North Central Regional Center for Rural Development

**Michigan State University**  
**Justin S. Morrill Hall of Agriculture**  
**446 W. Circle Drive, Room 66**  
**East Lansing, MI 48824-1039**

**Phone: (517) 355-3373**  
**Web: [ncrcrd.org](http://ncrcrd.org)**

### **NCRCD Staff**

Scott Loveridge, Director  
Rosa Soliz, Communications and Logistics Associate  
Craig Carpenter, Graduate Research Assistant

### **Board of Directors**

John Baker, Michigan State University AgBioResearch  
Thomas Coon, Michigan State University Extension  
Randall Eberts, W.E. Upjohn Institute for Employment Research  
Chuck Hassebrook, Former Executive Director, Center for Rural Affairs  
Sheldon Jones, Farm Foundation, NFP  
Brian Kowalkowski, College of Menominee Nation  
Sarah Low, USDA Economic Research Service  
Kenneth Martin, The Ohio State University Extension  
F. Abel Ponce de León, University of Minnesota  
Susan Shockey, USDA National Institute of Food and Agriculture  
Chunyang Wang, South Dakota State University  
Richard Todd, Federal Reserve Bank of Minneapolis

The North Central Regional Center for Rural Development (NCRCD) is one of four regional centers in the United States that work to improve the quality of life in rural communities. With funding from the USDA National Institute of Food and Agriculture and the land-grant universities in our 12-state region, the NCRCD helps Extension professionals, researchers and other partners address issues that affect rural areas across the region. The center provides leadership in rural development by linking research with education and community outreach to facilitate, integrate, link and coordinate research and action for rural America.

This material is based on work supported by annual base funding through the National Institute of Food and Agriculture, U.S. Department of Agriculture. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture or other funders.

The NCRCD prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) To report discrimination, contact NCRCD Director, Michigan State University, East Lansing, MI 48824-1039; or USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410; phone (800) 795-3272 (voice), or (202) 720-6382 (TDD).

Mission of the North Central Regional Center for Rural Development: Strengthening the ability of the land-grant university system to execute its rural development mission. Michigan State University is an affirmative-action, equal-opportunity employer.

## Acknowledgements

This project was a collaborative effort among Extension faculty and staff at Iowa State University, the University of Minnesota and North Dakota State University. We conducted the study in communities that had participated at some point during the previous decade in a multi-year poverty-reduction and leadership-development project. The connections that Extension had made in these communities facilitated our ability to recruit and engage community members in focus-group interviews. Our research team chose to preserve the anonymity of the study sites. Consequently the names of those who facilitated our work in the communities also remain anonymous.

We thank the individuals and organizations who generously volunteered their time to organize and host the focus groups. Also, we appreciate the help of Ellen Minnihan, Neeraj Rajasekar, and Jui Dhalewadikar, who provided research assistance; and Karen Bolluyt, who edited the report. Most importantly, we express our gratitude to the individuals who participated in the focus groups and shared their views with us. Finally, we thank the North Central Regional Center for Rural Development for the grant that supported the research.

## Authors

Cynthia Needles Fletcher  
cynthia@iastate.edu  
Iowa State University

Jeanne Warning  
jwarning@iastate.edu  
Iowa State University

Rosemary Heins  
heins002@umn.edu  
University of Minnesota

Patricia D. Olson  
pdolson@umn.edu  
University of Minnesota

Lynette Flage  
lynette.flage@ndsu.edu  
North Dakota State University

## Executive Summary

Finding effective, sustainable ways to reduce poverty and promote the economic well-being of families in rural communities was the goal of the project.

Following pilot tests, more than 100 communities in North Dakota, Minnesota and Iowa completed a poverty-reduction and leadership-development program during 2006-08 or 2008-10. This program, Horizons, was funded by the Northwest Area Foundation and carried out in partnership with Cooperative Extension. Six of the communities were selected for this study.

The findings and recommendations in this report are based on two focus-group sessions in each community—one with low- to moderate-income working parents with children and one with community leaders.

Three research questions were posed: (1) What assets do rural families perceive to be of greatest value? (2) What barriers do rural families face in their attempts to build assets and financial stability? (3) What resources exist within rural communities to facilitate asset-building efforts?

This report summarizes the responses to these questions. Based on those responses, the study team outlines promising strategies for asset building among youth and adults, summarizes participant recommendations regarding community actions, and provides examples of successes for use as models for the future.

## Purpose of the Study

Community-based approaches to asset building hold promise, so it is important to identify those strategies most likely to be useful to rural families and to be supported and sustained by the community. The purpose of this applied research project is to identify

- 1) asset-building efforts that are perceived to be of greatest benefit to rural families in building financial stability;
- 2) barriers faced by rural families in their attempts to build assets;
- 3) opportunities that could be shaped by collaborations among families and community leaders to enhance asset building in rural communities; and
- 4) strategies that rural communities might initiate to strengthen family asset building.

## Background

Our project draws on two streams of research and practice: rural community development and family economics. One emphasizes the community or regional level and the other focuses on the household, but there are synergies between the two. Both fields have evolved as policies and programs have been tested. This report briefly describes that evolution and points to strategies that are informed by the two fields and that provide better economic opportunities for families living in rural communities.

### Wealth Creation in Rural Communities

Traditional rural-development strategies have emphasized job creation; more recent conceptual work and demonstration projects take an asset approach and have a goal of sustainable wealth creation. Sociologists have developed frameworks that view the resources available to communities as forms of capital (Flora, Flora & Fey, 2004; Kretzmann & McKnight, 1993). Applying these ideas to rural development is the focus of the Wealth Creation in Rural Communities initiative, funded by the Ford Foundation. This program broadly defines wealth indicators as benchmarks of a “new way of thinking about economic development” (Yellow Wood Associates, n.d.).

A recent report by the U.S.D.A. Economic Research Service offers a framework for sustainable rural wealth creation that draws upon U.S. and international rural development literature. It emphasizes multiple types of assets (physical, financial, human, intellectual, natural, social, political, and cultural capital) and the economic, institutional, and policy context in which rural wealth strategies are devised (Pender, Marré & Reeder, 2012).

Underlying wealth creation strategies for rural development is an assumption that increased wealth can contribute to people’s welfare. However, rarely do community or regional rural development efforts attempt to conceptualize or measure outcomes or the distribution of outcomes at the household level. Pender and colleagues conclude that no wealth creation strategy will work in all contexts. Thus, rural regions and communities would benefit from having the capacity to identify strategies that are best suited to their unique set of resources and local priorities.

## **Family Asset Building and Balance Sheets**

Family scholars also have experienced an evolution in their thinking about policies and programs that promote family economic well-being. In 1991, Michael Sherraden published the influential book, *Assets and the Poor*, positing that poverty (at the household level) must be understood and solved in terms of assets, not just income. The concept of asset- or wealth-building had a profound impact on launching anti-poverty research and demonstration projects.

We know that assets have both short- and long-term impacts. High rates of asset poverty among low- and moderate-income U.S. households make them significantly more likely to experience economic hardship soon after a drop in income (Mills & Amick, 2010). And recent research demonstrates the long-term role of assets in economic mobility. Cooper and Luengo-Prado (2010) find that children in low-saving, low-income households are significantly less likely to be upwardly mobile than children of high-saving, low-income parents. Children with a savings account in their name are seven times more likely to attend college than similar youth who do not have an account (Elliott & Beverly, 2010).

Promising research and programs across the United States and globally are offering insights into how to develop sustainable local pathways to financial stability and upward mobility. For example:

- 1) The Cities for Financial Empowerment Coalition is identifying ways metropolitan municipal governments can work with businesses and the nonprofit sector to influence the economic well-being of low- and moderate-income residents (Corporation for Enterprise Development, 2011).

- 2) The Community Financial Access Pilot (CFAP), implemented by the U.S. Department of the Treasury, piloted projects in a diverse set of urban to rural areas (U.S. Department of the Treasury, n.d.). The projects were designed to build local collaboratives that would increase availability and use of mainstream financial services. Lessons learned from the CFAP pilots suggest that the community context plays an important role in a project's overall success.

In the aftermath of the recent recession, efforts to reduce poverty and restore household financial stability are focusing on the balance sheet—building assets and controlling debts (Boshara, 2011). Boshara argues that improving the balance sheet is key to both family financial stability and sustained economic growth, locally as well as at the macroeconomic level.

Bridging the fields of community development and family economics yields a more holistic approach to shaping effective community-based, family asset-building strategies, although rural asset building undoubtedly offers opportunities and constraints that are different from asset building in urban areas.

## **Horizons: A Legacy in Rural Communities**

Horizons was a major initiative funded by the Northwest Area Foundation (NWAFF) and carried out by Cooperative Extension in small rural communities with greater than a 10% poverty rate and less than 5,000 in population.. Seven states participated—Iowa, Minnesota, North Dakota, South Dakota, Idaho, Montana and Washington. Communities were selected for the program through an application process and rigorous review by the NWAFF and the extension services involved. Selected communities had a relatively high rate of poverty (median poverty rate was 14.8%), all struggled with changing demographics, faltering economies, and had concerns about the future of the community.

The objective of the program was to help selected rural communities develop and retain teams of leaders to strengthen communities and move them toward sustainability. These communities engaged in structured and staged training in partnership with local university extension programs.

Horizons contributed to the NWAFF mission of poverty reduction by increasing awareness of the causes and consequences of poverty, training new leaders, and facilitating community action to address poverty.

After a pilot testing phase involving 44 communities, 140 communities completed the program in 2006-08 and an additional 99 communities participated in 2008-10. There are 117 Horizons communities in Iowa, Minnesota and North Dakota. External evaluation suggests that Horizons has helped these communities understand poverty and build local leadership capacity, although its impact on poverty is unclear (Northwest Area Foundation, 2011).

In the earliest phase of Horizons, many communities increased awareness of poverty and took action to address unmet safety-net needs (e.g., food pantries, home repairs). As each phase progressed, there was growing recognition that lasting change required a different approach, including a greater focus on individual and family asset and wealth development (Morehouse & Kroll, 2010) Horizons increased the capacity of these communities to take on this challenge. Our investigation fills a need to systematically gather more information from both families and those who might facilitate an asset-building approach that is defined by these rural communities.

# Research Methods

## Research Questions

Our study sought out the views of residents of rural communities regarding priorities for individual and family asset building and strategies that could be supported by the local community. Our aim was to refine and implement a qualitative data-gathering process using focus group interviews to identify promising community-defined approaches to building individual and family assets in rural communities. The intent of focus groups is to understand and provide insights about how people in the groups perceive a situation, rather than to infer or generalize to a population (Krueger & Casey, 2009). The investigation focused on three general research questions:

- What assets do rural families perceive to be of greatest value? Given resource constraints and the necessary trade-off between saving and consumption, it is vital to understand which assets would be of greatest benefit to low- and moderate-income families with children. Families' priorities should guide a community-based, asset-building strategy. And these priorities should help the community answer the question: Where do we start?
- What barriers do rural families face in their attempts to build assets and financial stability? Saving is hard work. Effective asset-building strategies must address challenges faced within households and barriers that may be unique to each rural community.
- What resources exist within rural communities to facilitate asset-building efforts? Community leaders could play important roles in removing barriers and enhancing opportunities for asset building. Sustainable strategies will require tapping into local resources and conforming to the community's norms and values.

## Study Sites and Participants

Six rural communities in Iowa, Minnesota and North Dakota that had been part of Horizons were invited to participate in this study. In consultation with local Extension staff, the study team purposively selected two communities in each state that were viewed as likely to be interested in the project goals and willing to participate. Appendix A highlights demographic and economic characteristics of these six communities. Ranging in populations of less than 1,000 to about 3,000, the study sites vary from a farming community distant from a metro area to a summer recreation town that shrinks when snowbirds head south to a struggling county seat that has seen steady loss of population and manufacturing jobs.

None of the communities has a large proportion of Native Americans or other minority populations. Average household incomes in all but one of the communities are significantly lower than the county average, and all are lower than the respective state average. Child poverty rates vary widely from less than 10 percent to nearly 25 percent. Two focus-group interviews—one with community leaders and one with low- to moderate-income working parents with children—were conducted in each of two communities in each state. Community leaders interviewed were identified and recruited by local Extension and other community-based agency staff. Many of the community leaders and some of the parents had been involved in Horizons; all understood community needs and were willing to share views about local strategies for poverty reduction and asset and wealth building. Low- to moderate- income working parent



participants were also identified and recruited by local staff and included individuals known to have a limited but steady income, be involved in Head Start, or utilize other programs for low- to moderate- income families. The 12 groups ranged in size from four to eight participants. A total of 77 individuals participated in the focus groups—32 in the family groups and 45 in the community-leader interviews.

## **Interviews and Analysis**

Focus-group interview questions were developed by the research team, pretested, revised and finalized. Focus-group questions are included as Appendix B. A moderator training was conducted to ensure that the data-gathering process was consistent across the states. Each focus group was moderated by one member of our research team; an observer was present at each focus group interview. All interviews lasted approximately one hour.

The interviews were recorded and transcribed. Each state research team first analyzed data from its communities, identifying common themes across the groups and noting differences between responses of the family and the community-leader groups. The next step in the analysis was a meeting of the research team. Thematic findings were presented by each state and consensus was reached on common themes emanating from the data from all 12 focus-group interviews. At least two members of the research team read all transcripts to confirm and validate the thematic findings. Quotes that appear in the report are derived from verbatim transcriptions of the focus-group interviews.

## Our Findings

The meanings of financial success, barriers and opportunities are presented below as findings gleaned from content analysis of the focus-group interviews. Unless it is noted, our analyses of the family and the community-leader focus groups yielded similar results and therefore those findings are not reported separately. The meaning of financial success is summarized; then barriers to success are organized at the individual, community and societal levels. The next section reports strategies that were identified by the focus groups. Finally, we describe selected sources of technical assistance and programs that could inform local asset-building strategies.

### Participant Definitions of Financial Success and Getting Ahead

**Key Finding:** Focus-group participants had modest definitions of financial success; asset building often was mentioned as important in getting ahead.

Examples of success shared by study participants were unpretentious, basic and down to earth. They described success as possessing the skills to get a good job and manage the income to prevent living paycheck to paycheck. A variation of this was their description of having sufficient income to take care of present-day needs and put money aside for emergencies, children's education or retirement. They also noted the importance of a job with benefits, particularly affordable health insurance.

Participants talked about the subjective side of financial success as well. This includes having a positive work ethic, having a supportive family and friendship base, being able to make informed choices, being content or happy, and not having to worry about money. The ability to donate back to the community, either through volunteering or financially, also was described as a sign of success.

### Participant Definitions of Barriers to Asset Building and Getting Ahead

This section discusses (1) individual/family-level barriers, (2) community-level barriers, and (3) societal barriers that limit the ability of rural families to build assets and be financially successful.

#### Individual/family barriers

**Key Finding:** Focus group participants identified personal decisions, lifestyle choices, limited financial management skills, and a lack of education and job skills as significant individual or family-level factors that hinder getting ahead financially.

#### Personal decisions and lifestyle choices

Focus-group participants described values, priorities, instant gratification, keeping up with the Joneses, and living beyond one's means—all feeding into lifestyle choices that work against asset building and often lead to heavy debt burdens. Some community leaders—noting that they generally were older and with grown children—were critical of the spending decisions they observed among young families; yet they recognized that they have raised their own consumption expectations and spending patterns. Others noted that not everyone has the same resources or skills and therefore we should be careful about criticizing others' choices. Community leaders voiced strong opinions that children need to be instilled with a culture of savings.

#### Lack of a strong work ethic and self discipline

Participants reported that some young people don't know how to work, others don't want to work for low wages, and some have a work ethic that does not satisfy employers—not

*“...being financially successful is to be able to pay the bills and be comfortable so they don't have to worry. ...it's to have some set aside to help with retirement, kids in college... it varies by family.”*

*“...we have to be careful about saying 'choices' because I think not everyone has all the same options available to them or the same resources or skills...”*

*“...everyone wants what they want and they want it now...”*

*“These other people are trapped living without the skills they need and they’re in a cycle. It’s a poverty cycle.”*

*“People don’t know how to save.”*

*“...they have to have a chance to be educated beyond high school...”*

*“My son’s come home... and there aren’t that many jobs for these kids that have four-year degrees.”*

showing up or not paying attention to regular hours, for example. Participants expressed opinions that many younger people want the lifestyle right now that older people have worked many years to achieve, that they don’t want to work and save. Participants said that too many families are prone to overextend their spending, using readily available credit cards.

#### **Past actions**

Criminal or drug histories or poor credit records make it very challenging to find employment and begin anew, especially in small communities where everyone knows everyone. Participants perceived that these individuals have limited choices for employment and there are few programs available to help them so a cycle is perpetuated. They observed that poor credit histories also make it difficult to find low-interest loans.

#### **Fear of change**

Participants told us some individuals fear moving away from their communities for better job opportunities because they have a comfort level where they are. Some participants viewed this as short-sighted and a reason individuals limit their potential to get ahead.

#### **Limited financial management skills**

Participants cited a lack of basic money management skills as a barrier to getting ahead. There was discussion about the need for long-range planning, goal setting, and budgeting skills. Poor management skills combined with few resources cause financial mistakes that limit options for the future. Failing to save for emergencies or retirement and having to raid long-term savings for emergencies were examples of decisions that were described as mistakes.

Also highlighted was a lack of consumer decision-making skills. Two sides to this coin were noted: consumers are vulnerable to predatory strategies but unbiased information and guidance is lacking in a marketplace intent on selling. Participants described various ways—mortgage-lender enticements and car-dealer enticements, for example—that consumers are persuaded to take on debt rather than live within their means. They see a need for financial education so consumers aren’t victimized. At the same time they described the many challenges of organizing and encouraging participation in adult education in rural communities. Discussion included the value of teaching financial-literacy skills to children in the schools so that positive habits are established early and mistakes observed among adults are prevented.

#### **Limited human capital**

Both leader and family focus groups described the need for post-secondary education, job training and continuing education as prerequisites to higher earnings in today’s economy. Participants recognized that upward job mobility would require training and most likely a need to commute to good jobs. Few rural communities offer specialized job training or many well-paying jobs. There was acknowledgment that some residents work multiple jobs to make ends meet, leaving little time for further training. In some instances, families and employers are reluctant to encourage post-secondary or continuing education believing it will cause individuals to leave the community for better jobs.

There was much discussion about the importance of building human capital in the next generation—educating youth about career choices, options for financing higher education and the value of post-secondary education. There was strong preference

*“Sometimes I think parents who haven’t gone to college don’t know that there’s financial aid available and so they don’t tell their kids and so they say, ‘well, just work, just work.’ And you think, no, you can work but you can go to college. I think there’s some kids that don’t even know it’s possible...”*

*“Every time I go in to cash my check on pay day, they ask me to open an account. I say ‘when I have that extra money to open an account, I will do it,’ but the day I get paid [is] the day it goes out and I’m broke.”*

*“You can’t expect a school to teach everything. I think parents have to teach their own kids some of this... You can’t put all the responsibility onto the school system.”*

that this be school based so that all youth, including those whose parents did not go to college, would learn about career opportunities and aspire to continue their education after high school. In comparison with the barriers that adults in rural communities face, focusing efforts on youth was viewed as a promising long-term strategy.

#### **Unreliable or unavailable vehicles**

Lack of affordable, dependable transportation often limits employability, especially for jobs outside the community. Focus-group participants told us that well-paying jobs almost always require commutes to larger communities. Lack of affordable, reliable vehicles and the on-going costs of commuting are challenges. Questions were raised about the feasibility of car pools or other ride-sharing systems, but a general sense existed that—despite the costs—personal vehicles and the independence that they provide are highly preferred.

#### **Community barriers**

**Key Finding:** The focus groups identified ways that community infrastructure directly affects families. Barriers that arise from the social fabric of small-town life came through in more subtle ways. Participants identified good jobs as key but agreed that increasing the number of local jobs has been difficult—especially in a slow economy. In general, limited goods and services and higher prices (compared to urban centers) are viewed as concessions to rural life and as an inconvenience that is overcome by frequent travel to larger nearby communities. Social aspects of small town life need to be acknowledged in the design of community-based, asset-building strategies.

#### **Lack of employment opportunities**

Not surprisingly, low wages, the lack of well-paying jobs with benefits for breadwinners, and limited part-time jobs for youth were frequently mentioned in focus groups. However, the conversation typically moved on to other barriers. Some community leaders who have been directly involved in economic development efforts described the challenges to increase the number of jobs in rural communities. Others commented that it is particularly difficult to find jobs in the current sluggish economy. Two focus groups discussed the need for entrepreneurship education for youth as a long-term strategy for job creation in rural communities.

#### **Lack of basic services/resources**

Both community leaders and families were pragmatic about the services in the community and don’t see that changing. The convenience of local goods and services—including accessible, low-cost banking services—typically comes with higher prices. Most viewed travelling regularly to larger towns and combining shopping with other tasks as a way to cut costs. However, the lack of adequate public transportation services leaves private vehicles as the only viable option. Commuting costs reduce net income and add to the cost of purchases made in other communities.

Community barriers to asset building went beyond the lack of basic sundry services to include lack of affordable housing, child care, banking and mental health services. These are complex issues for rural communities. Although five of the six communities have a brick-and-mortar financial institution, participants noted the lack of affordable loans for those with poor credit histories and the barrier that minimum-balance requirements create for those with tight budgets.

#### **Lack of adult and school-based educational programs**

Much discussion centered on the lack of accessible and relevant financial education as a barrier to asset building. Participants acknowledged the challenge of reaching busy adults with timely financial education. Several comments suggest that integration

*“We are a small community...you’d almost rather go an hour away where nobody is going to know that I’m struggling, that I need some help with this.”*

*“They’re here to sleep and they go to work out of town, do groceries, go to church out of town. We just don’t know people anymore.”*

*“So if you were to go to a budgeting class or a money management class, am I admitting that I’m having problems when I’m going there?”*

*“Our generation, we’re not thinking ahead like our grandparents did or our parents...”*

*“When I think of... financial success, I don’t base it all on dollars. ... our community would be in much more of a thriving mode if we had more of a sense of... being a community and participating, than it’s all about dollars.”*

of adult financial education within other venues may hold promise. A participant enthusiastically described how an effective worksite financial education program intended to bolster the skills of employees to work with their clients had direct benefits for the employees themselves. Plans are underway in one community to offer adult financial education as part of a church’s programs.

But again, the conversation turned to a focus on youth. Focus groups see a need for both basic financial education and preparation for post-secondary education, especially for those whose parents did not have education beyond high school. Vocational and technical training in high schools is insufficient for those who want to enter a trade. Focus groups would like to see the public schools do more and also see an important role for parents. There was much discussion about the importance of school-based approaches as the best way to reach all youth and recognition that although many of these basic skills are best learned in families, that does not always happen.

### **Stigma and social exclusion**

Stigma and social exclusion take many shapes in these small towns. We heard about social divides between old, established families and relative newcomers, between minorities and the dominant culture, and the haves and have-nots. There is sensitivity to participating in activities that may create speculation that individuals or families have problems or needs. Even participation in financial management classes or consultations that are preventive or proactive is suspect.

Those actually needing assistance cannot get help with any assurance of confidentiality since “everyone knows everyone.” A few conversations challenged the definitions of financial success that had been offered and described intangibles such as a sense of community optimism, happiness and social inclusion.

### **Constraints on community-based work**

The fact that many working families commute to jobs outside of town has major implications for building social support and scheduling community activities. Free time in the evenings or weekends for involvement in community projects is very restricted for shift workers and those who have extended work days because of long commutes. At least one community has a significant number of older residents who spend winter months elsewhere and so are not available to provide leadership or to participate year round in community projects.

## **Societal barriers to asset building**

**Key Finding:** Participants identified broad social and economic factors as major influences on family economic mobility and significant barriers to creating and sustaining family asset building.

Our focus-group participants acknowledged that many of the individual and community barriers to asset building exist within the context of overarching social and economic conditions that work against asset building and healthy balance sheets. Focus-group participants identified characteristics of the national economy—a labor market offering few good jobs with benefits and cost-of-living increases—as significant barriers to family asset building. Inadequacies in infrastructure are not just rural issues. Affordable and accessible child care and transportation challenge both rural and urban families. A lack of public transportation systems that serve multiple needs persists across the country. Affordable health insurance and accessible health-care services are national issues.

Further, our focus groups described broad societal trends that make saving counter-

*“It’s a generation of credit.”*

*“I’ve always said this – I really think that it should be a high school requirement that they take a class on budgeting and finance.”*

*“...we need to start at a young age- that’s where they’re missing the boat.”*

*“...it’s all right to work for somebody, but how much better is it to work for yourself someday? ...but we don’t teach that. We just don’t.”*

*“Maybe a mentor-type program... there’s so much information out there now, but it’s hard to sort through it all.”*

cultural: a consumer society that fosters easy credit and instant gratification rather than thrift, and a predatory marketplace that siphons off assets with costly fees for credit purchases and financial transactions. These societal barriers are not unique to rural areas but do have different impacts in rural communities. Finally, with so much attention given to the importance of post-secondary education, the rising costs of advanced training and the related growth of student loan debt is a societal trend with serious ramifications for families as they attempt to build assets and pay off significant debt.

The barriers—individual/family, community and societal—identified by the focus groups are consistent with previous studies that have explored barriers to improving family economic well-being in rural communities (Bauer, Dyk, Son & Dolan, 2011; Berry, Katras, Sano, Lee & Bauer, 2008; Gibbs, Kusmin & Cromartie, 2005; Glasmeier & Salant, 2006). Barriers can’t be ignored, but given that most of the research and demonstration projects on asset building have centered on urban areas, the focus-group discussions offer unique insights into possible community-based strategies that would be supported and sustained in rural communities. The next section of the report identifies and describes possible directions for family asset building. It is organized into three areas: (1) youth education, (2) adult education, and (3) other strategies that support long-term asset building and family economic stability.

## **Community-Identified Strategies for Asset Building**

Focus-group participants were asked to share their own ideas about ways their communities could enhance family asset building. Many general strategies were identified. These sessions also yielded ideas about important characteristics of successful strategies. We refer to these characteristics as criteria (e.g., capacity building, parent involvement, etc.). The focus groups emphasized that there are no quick fixes, but instead successful strategies need to build long-term skills and the means to accomplish goals; we label this criterion capacity building. The involvement of parents in youth programs was frequently mentioned as an important way to reinforce, supplement and accomplish program goals. Involvement of the broader community was often cited as key to enhancing and sustaining programs. A valuable insight gathered from the discussion of youth strategies was the importance of universal outreach. Too often programs that rely on voluntary participation fail to reach youth who need it most. In contrast, the discussions about adult strategies typically identified groups with very specific needs, suggesting the value of targeted adult programs. Appendices C and D chart these criteria and strategies. Given the strong view that educating youth is a most promising initial approach, our research team has focused on youth strategies; a second chart outlines promising directions for initiatives that target adults.

Other asset-building tactics included assisting with health-care costs, child-care availability, and work and family transportation options to ensure families have a chance to live comfortably in the rural area of choice. Most of the suggestions were place based and allowed the community to respect and build on the work people are already doing locally (Wealth Creation in Rural Communities, 2012; Pender, Marre & Reeder, 2012).

Many of the strategies suggested in this section are doable by small rural communities with limited resources. The majority of them can be done by community members themselves while others may require outside resources and technical assistance.

## Youth education strategies

Appendix C outlines asset-building strategies targeted to youth, including educating children about the importance of saving, school, career choices, and post-secondary training. Focus-group participants envisioned their local schools putting added emphasis on career education, life skills, financial literacy, awareness of alternatives for financing higher education, and entrepreneurship. Importantly, this information would be offered in local schools and would reach all youth.

In combination with youth educational programs, human capital also could be developed by asserting the entrepreneurial spirit needed to start a new enterprise locally. Entrepreneurial training allows an emphasis on local ownership and creates wealth for the individuals, not absentee owners. This ownership and control of individual assets and destinies may assist with sustainability in the long term.

Education can take many forms and not only in a classroom. Connecting students with community mentors or role models who could support classroom learning was suggested. We heard about communities where local banks sponsor incentive programs for academic success or pay children higher interest rates on their savings. Deposits for “good” grades are made to a special savings account set up at the bank. Withdrawals can be made only with the approval of both the parent and the child. Recent studies suggest that introducing young children to savings accounts, imbedding financial literacy in the curriculum, and fostering conversations between parent and child are more likely to build financial capability among youth compared with classroom learning alone.

Scholarships and incentives also came up as strategies for asset building through education. Community-supported scholarships, incentives for academic progress, and information on college savings plans were mentioned. These scholarships and incentives may require additional training to help communities understand the requirements of each program. Most of the scholarship suggestions would be locally based and funded, again ensuring local buy-in and support.

## Adult education strategies

Financial literacy education for adults and scholarships for nontraditional students who want to train or retrain for specific careers were the two primary strategies identified by the focus groups. Although education was a common theme in both the families and leaders focus groups, there were concerns over the challenges of getting adults to attend educational programs, addressing transportation needs, and designing financial education that would appeal to those who should attend.

Nonetheless, financial literacy education came up in focus groups as an important component of most strategies for building assets in individuals and families. This education would encompass an increased knowledge of basic financial management skills, but other suggestions included small business support and education as well as mentoring young families.

Mentoring families was suggested as an alternative opportunity to provide advice, support and information to young families or those that have a specialized need for assistance. Individuals that have financial skills and life experience may be willing to mentor others. This may serve some families better than educational classes. Regardless of the type of education offered, suggestions for encouraging participation included providing incentives: food, transportation and low-cost to no-cost fees. Views on charging for classes varied amongst focus groups; some felt a small stipend would ensure attendance.

*“The added benefit to that [a savings program through the schools] would be hopefully parents would learn or see the benefit of saving the money now.”*

*“I think if you offered some education possibilities the ones that would come would be people like us, who don’t need to go.”*

*“I...employ 25 people...I would like to offer them a 401(k)...I don’t even know where to start.”*

*“I think that if people really want to rise up and better themselves, they need the practical education and skills training but they also need some life skills as well.”*

*“...there’s not a lot of good-paying jobs in the community...so it’s easier to seek work elsewhere, outside of your community.”*

Job and personal-skills training also were mentioned as asset-building strategies and included training for specific trades and technology training to help individuals be more productive. Local, community-supported scholarships for nontraditional students—those adults who want to go back to school—would help alumni of the local schools who may not have had a career path identified when scholarships were handed out at high school graduation. This strategy reflects a recurring theme in the discussions that local communities will back initiatives that support local residents, particularly graduates of the local school system. Certainly other adult students could benefit from such scholarships if communities are willing to provide them.

### **Other strategies to assist in asset building**

Better access to affordable health care, access to child care and reliable transportation were also suggested by focus groups as strategies that would address important barriers to family asset building in rural communities. In addition, building strong networks, connections and trusting relationships was identified as an opportunity.

Health care came up often as a barrier to getting ahead and building individual assets and wealth. Health-care costs have become unmanageable for many and there was uncertainty as to what the Affordable Care Act may cover. One community suggested starting its own health-insurance group through the local chamber of commerce for residents without coverage.

Child care has become a significant challenge for many in rural areas. Access to quality child care is limited and at times parents must drive out of town to take their children to a child-care facility. Suggestions were made for local government entities to support child-care providers through low- or no-cost leases for empty city buildings.

Transportation was suggested as a barrier in many focus groups and creative suggestions were made to help alleviate this challenge. But most groups agreed that a private vehicle is the only realistic option for most rural families.

Finally, community events and activities were discussed as opportunities to help residents better support and connect with one another. The increase in interpersonal ties and networks can help provide a support structure that is not found in professional assistance programs. Empowered participation in a community may be an approach to build assets in individuals locally.

*“And there is a lot of support in our community... when somebody gets ill...they do a benefit to help with their insurance or whatever, it’s amazing the amount of community support that comes out for things like that ...”*



## Future Directions

Suggestions for increasing assets and wealth for individuals and families were plentiful during focus-group interviews. Because the focus groups were conducted in communities that were also involved in the Horizons program sometime between 2003 and 2011, there was recognition of the importance of developing opportunities for asset building in their towns and greater capacity to work together as a community to take action. The timing is right to move in this direction.

There is growing evidence and momentum to support the asset-building approach. For example, longitudinal research is providing evidence that, when factors such as family income and parent's education are controlled for, children's savings are associated with later college success. Until recently there was almost no evidence in this area but that is changing. For example, initiatives to establish children's savings accounts are bolstered by studies that show:

- Children with college savings are almost twice as likely to have higher college aspirations as those without savings.
- Children with college savings are more likely to get better grades and complete more years of education, no matter their income level. In one study, children from families with as little as \$3,000 in savings were more likely to graduate from high school than those without savings.
- Among youth who expect to attend college, those with a college savings account in their names are four to six times more likely to attend. Students with college savings are also more likely to complete their degrees (Corporation for Enterprise Development, 2012).

The rural communities asked for examples of community-based projects that have been implemented elsewhere. Focus-group participants told us that they see no reason to “reinvent the wheel.” Appendix E lists a select number of the many organizations that are working on asset building at the national or regional level. We also include several examples of programs that are happening in rural communities. These are examples of the resources available to communities. It is not intended to be an inclusive listing.

Previous research suggests that while these strategies are a place to start, they will need to be adapted to meet local needs. Rural communities know that one size does not fit all. It is our hope that rural communities find the results of this investigation useful as they take up the challenge with “people [who] really want to rise up and better themselves and get into a better financial situation.”

## References

- Bauer, J.W., Dyk, P.H., Son, S., & Dolan, E.M. (2011). Rural does matter: Understanding the rural context. In J.W. Bauer & E.M. Dolan (Eds.), *Rural families and work, context and problems* (pp. 37-54). New York: Springer.
- Berry, A.A., Katras, M.J., Sano, Y., Lee, J., & Bauer, J.W. (2008). Job volatility of rural, low-income mothers: A mixed methods approach. *Journal of Family and Economic Issues*, 29, 5-22.
- Boshara, R. (2011). *Rebuilding households' balance sheets: Testimony to U.S. Senate Committee on Banking, Housing & Urban Affairs*. Retrieved from <http://www.stlouisfed.org/publications/br/articles/?id=2213>
- Cooper, D. & Luengo-Prado, M. (2010). Asset and child well-being in developing countries: A research review. *Children and Youth Services Review*. 32(11):1508-19.
- Corporation for Enterprise Development. (2012). *Asset building for children*. Retrieved from <http://cfed.org/programs/abc>
- Corporation for Enterprise Development. (2011). *Building economic security in America's cities*. Retrieved from <http://cfed.org/assets/pdfs/BuildingEconomicSecurityInAmericasCities.pdf>
- Elliott, W. & Beverly, S. The role of savings and wealth in reducing "wilt" between expectation and college attendance. *Journal of Children & Poverty*, 17(2), 165-185.
- Flora, C., Flora, J. & Fey, S. (2004). *Rural communities: Legacy and change*. Boulder, CO: Westview Press.
- Gibbs, R., Kusmin, L., & Cromartie, J.. (2005). *Low-skill employment and the changing economy of rural America*. Retrieved from <http://www.ers.usda.gov/publications/err-economic-research-report/err10.aspx>
- Glasmeyer, A., & Salant, P. (2006). *Low-skill workers in rural America face permanent job loss*. Retrieved from [http://www.aecf.org/~media/Pubs/Other/C/ CarseyInstitutePolicyNo2Spring2006LowS-killedW/Displaced\\_workers\\_March2006.pdf](http://www.aecf.org/~media/Pubs/Other/C/ CarseyInstitutePolicyNo2Spring2006LowS-killedW/Displaced_workers_March2006.pdf)
- Kretzmann, J. & McKnight, J. (1993). *Building communities from the inside out: A path toward funding and mobilizing community assets*. Chicago: ACTA Publications.
- Krueger, R.A. & Casey, M.A. (2009). *Focus groups: A practical guide for applied research*. Los Angeles: Sage Publications.
- Mills, G. & Amick, J. (December, 2010). *Can savings help overcome income instability?* (Brief #18). Washington, D.C.: The Urban Institute.
- Morehouse, D. & Kroll, B. (2010). *Northwest Area Foundation Horizons Program 2003-2010 final evaluation report*. (Northwest Area Foundation, St. Paul, MN)
- Northwest Area Foundation. (2011). *Gaining perspective: Lessons learned from one foundation's exploratory decade*. Retrieved from [http://www.nwaf.org/FileCabinet//DocumentCatalogFiles/Other/GainingPerspective\\_Full\\_1-10.pdf](http://www.nwaf.org/FileCabinet//DocumentCatalogFiles/Other/GainingPerspective_Full_1-10.pdf)
- Pender, J., Marré, A. & Reeder, R., (March, 2012). *Rural wealth creation: Concepts, strategies, and measures*. ERR-131. Washington, DC: U.S. Department of Agriculture, Economic Research Service.
- Sherraden, M. (1991). *Assets for the poor: A new American welfare policy*. Armonk, NY: M.E. Sharpe.
- U.S. Department of the Treasury. (n.d.). *Community financial access pilot*. Retrieved from <http://www.treasury.gov/resource-center/financial-education/Documents/Community%20Financial%20Access%20Pilot%20Report.pdf>
- Yellow Wood Associates. (n.d.). *Wealth creation in rural communities: Building sustainable livelihoods*. Retrieved from <http://www.yellowwood.org/wealthcreation.aspx>

**Table 1. Characteristics of Study Sites**

	City		County			
	Population (2010)	Median Household Income (2010)	Population (2010)	Median Household Income (2010)	Unemployment Rate (May 2012)	Child Poverty Rate (2010)
Community A	531	\$47,083	15673	\$46,188	7.4	15.3
Community B	546	33,750	9566	46,068	4.7	19.8
Community C	2165	31,175	16202	40,226	6.8	24.1
Community D	3299	39,035	10266	46,869	3.4	14.6
Community E	672	36,724	3126	39,071	3.4	13.3
Community F	996	42,500	7143	48,502	6.3	9.4

Note. 2010 median household income in Iowa, Minnesota and North Dakota: \$49,016; \$52,322, and \$51,005, respectively.  
Source: U.S. Census Bureau.

## Focus Group Questions

### Overview of Topic

We want to gather information about how families think about managing finances and getting ahead. We want your ideas about ways communities might work together to help families build assets and improve their financial situation. You were invited to participate because you all live in this community and work here or nearby (and you all/many of you have children)/because you are a community leader. We want to tap into your experiences and opinions about what could be done to help families get ahead—right now or perhaps in the long term.

### Questions

1. Opening Question: Let's begin. Let's find out more about each other by going around the table, one at a time. Tell us your name and how long you have lived in (this community).
2. "We aren't going to go around the table anymore, so just jump into the conversation whenever you want. Please think about what it means to you to be "financially successful." What comes to mind?
3. What helps you succeed? What is key for you to be financially successful?/ What helps families be financially successful?
  - What are some of the biggest challenges to getting ahead financially?
  - What creates this challenge/what causes the problem?
  - What can be done to overcome this challenge?
4. Let's look at several ways to think about achieving financial success by building assets—we've touched on some of them—but I want your reactions to three broad approaches to building assets/wealth and getting ahead. Moderator will place three placards on the table labeled:
  - Work/jobs/income
  - Education (for children or adults)
  - Savings/Wealth
  - What other ideas come to mind when you think about [work/education/saving] as a strategy for building assets and getting ahead?
  - How useful would [identified strategy] be for you and your family? How would this work for you?
  - What would be the biggest barrier to actually making this happen?
5. (community) is a small, rural community. How does that affect your ability/families' abilities to manage your money? As you think about this town--the stores, businesses and services--tell me how this community helps or hinders your ability to manage money: to save, to spend and conduct your financial business, and to borrow?  
Probe: Tell me more. How does that help you get ahead? How does that limit your ability to get ahead? What are the strengths of this community? What is missing? Does it matter to you if these goods and services are actually located in this community? For example, (community) does/does not have a bank. Could you talk about how or if that affects the way you get your "banking" done—cashing checks, making deposits, writing checks or getting money orders, borrowing?
6. How can the community help working families be financially successful?
7. Of all the ideas we have discussed, which do you think would be the most helpful to you? What you do you think the community might be willing to "get behind" and make happen?

**Table 2. Youth Education Asset-building Strategies**

<b>Program Strategy</b>	<b>Brief Description</b>	<b>Criteria 1 Capacity Building</b>	<b>Criteria 2 Parent Involvement</b>	<b>Criteria 3 Community Involvement</b>	<b>Criteria 4 Universal Outreach</b>
Children's savings accounts	Children's savings accounts are established as early as birth and allowed to grow to age 18. Accounts are seeded by an initial deposit, built by contributions from the child or others, and augmented by matches or other incentives. Savings accounts gain meaning as children and their families engage in age-appropriate financial education. At age 18, accounts are used for education or other goals.	x	x	x	x
Savings-in-the-school	Some financial institutions sponsor in-school banking programs for area schools. Elementary-school students typically bring deposits once a week during lunch time. High-school programs are often satellite branches on campus that are staffed by students.	x	x	x	
Academic incentives	Some financial institutions (or other community organizations) reward academic success by "paying for good grades" during the school year or offering scholarships at graduation.	x		x	
Financial literacy/ career mentoring	Communities or schools train adult volunteers who mentor children, but seeing mentors as role models or resources for financial skill building is not usually part of such mentoring programs.	x		x	
Innovations in 529 college savings plans	Maine and North Dakota have large-scale initiatives to match or establish accounts at birth; other states offer ways to increase savings through 529 plans.	x	x		

## Table 3. Asset-building Strategies for Adults

Program Strategy	Brief Description	Criteria 1 Capacity Building	Criteria 2 Community Involvement	Criteria 3 Targeted Outreach
Integrating adult financial education	Integrating financial education into existing venues—preschool settings, worksites or other community organizations—can be an effective way to build capability among targeted groups by working with partners at teachable moments.	x		x
Scholarships for non-traditional students	Unlike the majority of college scholarships given out at high-school graduation, these grants would target those who did not go directly to post-secondary training.	x	x	x
Mentoring	Mentoring or coaching programs train professionals or volunteers who, in turn, help consumers clarify financial goals and problem solve.	x	x	x
Small business support & education	Training and technical assistance can help small business owners understand employee benefits and proven strategies that facilitate asset building among employees.	x		x
Affordable car programs	Programs help families get and maintain a reliable car by acquiring a used, donated car; obtaining an affordable loan; and/or saving for a vehicle through matched savings programs.			x

## Asset-Building Resources

### Web-based sources of technical assistance:

#### Kindergarten to College: Universal Children's Savings Account Program

**Background:** K2C is the first universal children's savings account program in the United States. Piloted by the City and County of San Francisco, the program automatically provides a college savings account containing a \$50 deposit from the City and County to children when they start kindergarten. The goal is to make sure every child in San Francisco can save for post-secondary education. Children enrolled in the National Student Lunch Program will receive an additional \$50 deposit. The program offers incentives to children, parents, friends, and extended family to save more. Foundations, community organizations, local businesses and individuals are providing additional deposits and matching incentives. A second benefit is financial education. Schools integrate financial education into the math curriculum with the K2C accounts serving as a teaching tool. The third benefit is connecting families to a mainstream financial institution by making the families clients of a major local bank and reducing barriers to opening other accounts. In 2012-13 all kindergarteners will be enrolled in K2C.

**Website:** <http://sfofe.org/> and <http://www.k2csf.org/>

#### CFED: Corporation for Enterprise Development

**Background:** CFED is a nonprofit organization that champions asset building and advocates for the creation of children's savings accounts and other asset-building initiatives across the United States. CFED provides technical assistance on a range of asset building projects for children. CFED was a key advisor to the City of San Francisco in setting up Kindergarten to College. Information on the basics of setting up children's savings accounts (and other asset-building strategies) is provided on their website. **Website:** <http://cfed.org>

#### College Savings Initiative

**Background:** The College Savings Initiative is a research and policy design collaboration between the Center for Social Development at Washington University in St. Louis and the New American Foundation in Washington, DC. The Initiative is supported by the Lumina Foundation for Education and the Bill & Melinda Gates Foundation. **Website:** <http://collegesavingsinitiative.org>

#### Ways to Work

**Background:** Ways to Work is a Community Development Financial Institution based in Milwaukee, Wisconsin. Through a network of more than 50 loan offices across the United States, Ways to Work, a nonprofit loan program, helps working families move to greater levels of self-sufficiency with access to financial education and reliable transportation.

**Website:** <http://www.waystowork.org>

#### Volunteer Income Tax Assistance (VITA)

**Background:** The VITA program generally offers free tax help to people who make \$50,000 or less and need assistance in preparing their own tax returns. Community volunteers receive training to become IRS-certified to provide free basic income tax return preparation to qualified individuals in their local communities and to inform them about special tax credits for which they may qualify. **Website:** <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>

### Examples of community-based efforts:

#### TS Bank Institute's Student Bank and K-12 Financial Education

**Background:** The TS Bank Institute, established in 2009 by the Treynor State Bank in Treynor, IA, is a foundation committed to creating a stronger, more financially savvy future generation through a K-12 financial literacy program in the Treynor Community School over a five-year period. A full-time employee of the bank works in the school to train teachers, develop curricula and implement a branch bank in the elementary school. Work is expanding to reach other schools in the region. **Website:** <http://www.tsbank.com/about-us/ts-bank-institute.html>

#### Cracking the Books

**Background:** Peoples Savings Bank of Elma, Iowa, creates and contributes to a savings account when children enrolled in the local school receive good grades each term. Withdrawals occur only when both child and parent agree. The program offers an incentive for school performance, teaches children about savings accounts, and fosters family communication.

**Website:** <http://psbiowa.com>

#### Circles of Support: Windom, Minnesota

**Background:** Circles of Support is based on the idea that people need to have enough money, meaning, and friends to feel secure and fulfilled in life. The program brings together low-income family participants and community neighbors to support and encourage one another. **Website:** <http://www.wcainc.org/circlesofsupport/>