

# Building Your Financial House- Readine\$\$ for Reentry

**Pennsylvania Housing Finance Agency**

Special Needs Housing: Housing for Persons with Special Needs

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## **NCSHA 2020 Awards for Program Excellence-Application Information**

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### **Entry Title/Category/Summary**

**Title:** Building Your Financial House – Readiness for Reentry

**Category:** Special Needs Housing

**Subcategory:** Housing for Persons with Special Needs

**Note:** Qualitative Improvement to Existing Program

#### **Summary**

To address the need of incarcerated veterans to improve their financial readiness for reentry and reduce the likelihood of recidivism, PHFA adapted the in-house financial education program, Building Your Financial House (BYFH), for delivery in the state correctional institutions. Participants reported tangible financial actions, improvement of money attitudes, and lower re-arrests. Inmate veterans with long-term sentences have been trained and are replicating BYFH as part of reentry services.

## **Background**

Financial insecurity plays an important role in incarceration. Statistics show that incarcerated people in all gender, race, and ethnicity groups earned substantially less prior to their incarceration than their non-incarcerated counterparts of similar ages.<sup>1</sup> Money is also a well-documented factor in the difficulties of ex-offenders reentering society from taking care of their immediate needs, securing employment and stable housing, and paying court costs and fines.<sup>2</sup> As integrating financial education and capability programs in social services is a way to improve outcomes and enhance the financial well-being of their clients, why not the same for reentrants?

Back in 2015, PHFA was approached by the PA Department of Military and Veteran's Affairs to bring financial education to incarcerated veterans preparing for release. Armed with the adapted BYFH Ex-offender Reentry (EOR) curriculum, we engaged the Veteran Services Unit (VSU) coordinator and the PA Department of Corrections (DOC) staff to allow PHFA to deliver comprehensive financial education programming to this vulnerable veteran audience. Our goal was to study BYFH (EOR)'s impact on behavior change, financial readiness for reentry, and, ultimately, recidivism.

BYFH is a seven module comprehensive financial education program based on the core competencies of financial capability as established by the US Treasury's Financial Literacy and Education Commission (FLEC). The curriculum has been tested on a number of at-risk populations and addresses personal asset development and goal setting, maximizing earnings, spending sensibly and money mapping, minimizing taxes, saving and investing, risk management and protecting assets, and borrowing as an asset. Visual 1 explains the framework for building a financial house, topic knowledge (tools), and measurable actions (construction) to take with the knowledge. Participants experience financial education in common language, engaging activities, homework and action challenges, and building confidence to apply what they have learned.

## **Participation, Impact, and Recidivism**

Beginning in 2016, BYFH (EOR) was delivered over a three year period to three DOC VSU's. A total of 91 inmates enrolled with 54 (59%) completing the program, of whom, 67% indicated that money played a role in their incarceration. Nine inmates (10%) were released prior to the completion and attrition was 28 (31%). Inmates that completed the program reported taking an average of 23 specific financial actions to improve their readiness for reentry. Visual 2 shows the top actions taken in each module of the framework. Lastly, inmates reported key take-a-ways and their outlook about readiness for reentry upon completing the program. (Visual 3)

As of March 6, 2020 and according to Pennsylvania court and inmate public records<sup>3,4</sup>, the recidivism rate of the 23 (43%) inmates completing the program who have been released is 9%; the recidivism rate of the 17 (61%) inmates not completing the program due to attrition and who have been released is 24%. Even more significant is comparison to the PA statistics of 6 in 10 released inmates recidivate within three years of release of prison.<sup>6</sup> Measuring recidivism rates will continue, as well as, research into the statistical significance of data collected.

### **Program Expansion**

Looking to the sustainability of the BYFH (EOR) program in the VSU's, eight inmate veterans with long-term sentences were trained as facilitators. They were invited to become facilitators because of their strong financial aptitude and facilitation skills and/or have the Certified Peer Specialist (CPS) designation. Four of the facilitators are currently delivering BYFH as part of the Reentry Services Office in one of the VSU's. PHFA is also in partnership with Oklahoma State University to show statistically significant program results in the change of inmates preparedness for reentry and reduced recidivism. We expect the research to be complete by the end of 2020.

### **Innovation**

Prior to the initiation of the BYFH (EOR) project, no comprehensive financial education curriculum addressing the unique needs of veterans reentering society was being provided in the PA state correctional institutions.

### **Replication**

After the initial delivery of BYFH (EOR) at one of the DOC's VSU's, the program has expanded to four other institutions. In addition, trained long-term veteran inmates are also delivering the program in their reentry services.

### **Response to an Important Housing Need**

Housing is one of the most serious challenges a reentrant faces. Housing stability may be compromised by the stigma of incarceration, lack of financial resources, difficulty securing employment, short or poor credit history, etc.<sup>7</sup> By providing inmate veterans with financial education which addresses accessing and building their financial resources, securing employment, managing cash flow, and rebuilding credit we've addressed major issues leading to housing instability and the likelihood of recidivism.

### **Measurable Benefits to HFA Target Customers**

Inmates that completed the program report taking an average of 23 specific financial actions to improve their readiness for reentry (Visual 1). Recidivism measures of participants completing the program are significantly lower than those of PA reentrants.

### **Proven Track Record**

The program has been delivered in various community settings since 2012. BYFH has reached PHFA's multi-family development residents, pre-purchase housing counseling clients, low-income PHFA borrowers at risk of foreclosure, disabled veterans and those in transition from homelessness, and reentrants undersupervision. The Westmoreland County Housing Authority received the 2018 Award of Merit from the National Association of Housing and Redevelopment Organizations (NAHRO) for their incorporation of BYFH into their Family Self-Sufficiency program.

### **Provide Benefits that Outweigh Costs**

According to the PA House Appropriations Committee, in 2017/18, it costs the state correctional institutions an average of \$45,288 per inmate, per year. The cost to deliver the entire curriculum, including of PHFA personnel, travel, and materials was less than \$27,500 over the three year delivery period. The cost of replicating the program will depend upon travel expenses incurred and staff salary. The preparation and presentation staff time per delivery of the entire curriculum is approximately 18 hours; the materials and supplies cost per inmate is \$46. Preventing one incidence of recidivism more than pays for the program. Comparing the PA DOC recidivism rate (60%) to our reported 9% for the 23 inmates released, a savings of \$543,000 can be extrapolated.

### **Effectively Employ Partnerships**

The BYFH(EOR) project would not have been possible without the collaborative partnership between the PA Housing Finance Agency, the PA Department of Military and Veteran's Affairs, and the PA Department of Corrections. Each had an important role to play in the identification and needs assessment of the target audience, security and logistics, and program development and delivery. The partnership continues to this day.

### **Achieve Strategic Objectives**

Our goal was to study BYFH (EOR)'s impact on behavior change, financial readiness for reentry, and, ultimately, recidivism. BYFH has had a positive impact on all three objectives.

### **References**

<sup>1</sup> Prisons of Poverty: Understanding the pre-incarceration incomes of the imprisoned.  
(<https://www.prisonpolicy.org/reports/income.html>)

<sup>2</sup>When prisoners return to communities: Political, economic, and social consequences. ([https://www.uscourts.gov/sites/default/files/65\\_1\\_1\\_0.pdf](https://www.uscourts.gov/sites/default/files/65_1_1_0.pdf))

<sup>3</sup> Unified Judicial System of Pennsylvania Web Portal (<https://usjportal.pacourts.us>)

<sup>4</sup> PA Department of Corrections Inmate Locator (<http://inmatelocator.cor.pa.gov>)

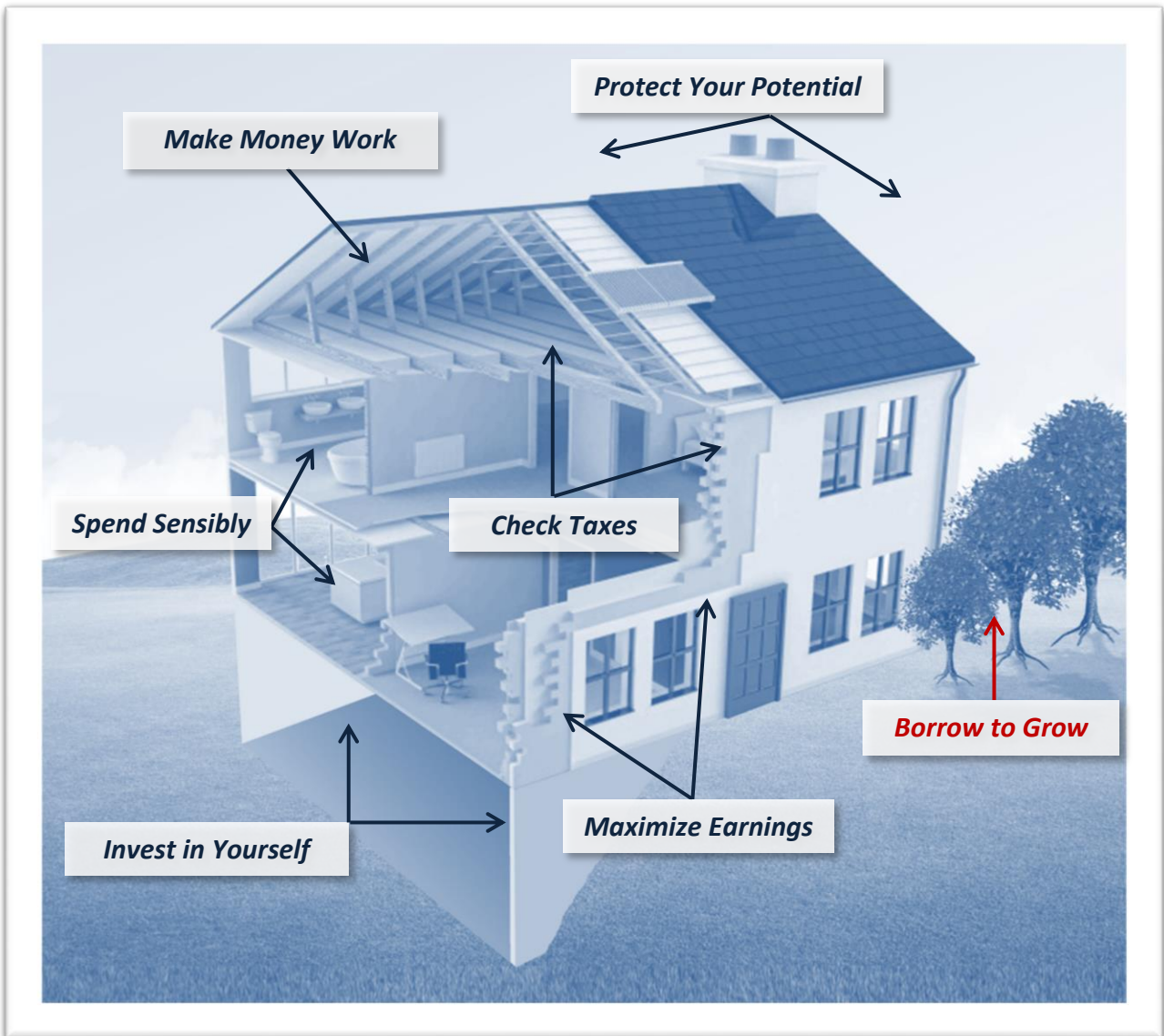
<sup>5</sup> PA House Appropriation Committee  
([https://www.pahouse.com/Files/Documents/Appropriations/series/3001/DOC\\_BP\\_102517.pdf](https://www.pahouse.com/Files/Documents/Appropriations/series/3001/DOC_BP_102517.pdf))

<sup>6</sup> PA Department of Corrections Recidivism Report 2013  
(<https://www.cor.pa.gov/About%20Us/Statistics/Documents/Reports/2013%20PA%20DOC%20Recidivism%20Report.pdf>)

<sup>7</sup>A Sort of Homecoming: Incarceration and the Housing Security of Urban Men. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3173782/>)

# Building Your Financial House

Financial Readiness\$ for Reentry



The **Framework for Building Your Financial House** is a graphic representation of key financial elements or 'blocks' needed to build your financial house. The seven concepts are adapted from the Financial Literacy and Education Commission's core financial competencies of: earning/income, spending, saving and investing, borrowing, and protecting money.

**Building a *financial* house  
is just like building a *physical* house.**

1. A well-built financial house starts with a strong foundation of ***investing in yourself***, by using the mortar of education, strengthening your personal assets, recognizing opportunities, and setting goals.
2. The walls represent ***earnings***, built up from the foundation and ***maximized*** by utilizing all available resources, directing payroll deductions, and choosing the right employee benefits.
3. ***Spend sensibly*** to fill your home with the things you need and keep it in order; overspending can result in both physical and financial chaos. Map your money and manage cash with banking tools to stay in control.
4. Checking the insulation can minimize a house's hidden heat loss, just as ***checking taxes*** can minimize dollars lost to overlooked deductions and credits.
5. Much like adding an extra room in the attic, you can expand your financial house by ***making*** your ***money work*** for you through saving, investing, and monitoring what you own.
6. Just as the roof protects your house, ***protect your potential*** by having a cash savings for emergencies, managing risks with the right insurance, and being a smart consumer.
7. Finally, only ***borrow to*** buy things (assets) that will ***grow*** and feed your financial future, like seeds of a fruit tree. Borrowing in excess, similar to overwatering a seedling, can slow your financial growth, weigh it down, or drown it out.

Blocks	Tools and Materials	Construction
<b>Invest In Yourself</b>	<ul style="list-style-type: none"> <li>□ Define what success means</li> <li>□ Identify the four categories of personal assets</li> <li>□ Recognize the education/income relationship</li> <li>□ Recognize opportunities for advancement using personal assets</li> <li>□ Recognize priorities and identify SMART financial goals</li> </ul>	<ul style="list-style-type: none"> <li>□ Establish a plan to achieve personal success, including roadblocks and detours necessary</li> <li>□ Evaluate job paths to help identify skills and experiences</li> <li>□ Establish the connection between personal assets and job skills</li> <li>□ Seek additional education and training to grow personal assets</li> <li>□ Create or update resume</li> <li>□ Establish an employment reentry plan</li> <li>□ Assessed entrepreneurship as an option</li> <li>□ Set written financial goals and work towards them prior to reentry</li> </ul>
<b>Maximize Earnings</b>	<ul style="list-style-type: none"> <li>□ Identify documentation necessary upon release</li> <li>□ Identify cash and non-cash sources of income</li> <li>□ Recognize the difference between gross and net pay</li> <li>□ Be familiar with employer provided benefits, including health, disability and life insurances, flexible spending accounts, paid time off, retirement plans, etc.</li> <li>□ Recognize the actual dollar value of using pre-tax benefits</li> <li>□ Identify factors of the net economic compensation of a job</li> </ul>	<ul style="list-style-type: none"> <li>□ Secure documentation needed upon release</li> <li>□ Calculate the immediate cash need for reentry</li> <li>□ Locate local resources and public benefits that may be available immediately upon release</li> <li>□ Identify employee benefits that will be important when securing employment upon release</li> <li>□ Calculate the withholding allowances to claim on the IRS Form W-4</li> </ul>
<b>Spend Sensibly</b>	<ul style="list-style-type: none"> <li>□ Identify money values and spending habits</li> <li>□ Recognize the effects of spending choices on others</li> <li>□ Distinguish between needs and wants to prioritize spending</li> <li>□ Identify the steps to create and use a money map</li> <li>□ Recognize the role of transactional accounts and related services in managing cash</li> </ul>	<ul style="list-style-type: none"> <li>□ Adjust spending habits according to values and to fit goals</li> <li>□ Prepare to discuss money issues regularly with partner and family</li> <li>□ Estimate living expenses and consequences of not meeting them</li> <li>□ Create and use a money map for income and commissary spending</li> <li>□ Create a plan to manage cash upon release</li> <li>□ Establish a relationship with an insured financial institution</li> <li>□ Order ChexSystem report and review for errors</li> </ul>
<b>Check Taxes</b>	<ul style="list-style-type: none"> <li>□ Recognize the value in keeping good records</li> <li>□ Identify the key components of a tax return</li> <li>□ Recognize the difference between total and taxable income</li> <li>□ Recognize the difference between total tax and payments</li> <li>□ Become aware of the various tax preparation methods, providers, and costs</li> </ul>	<ul style="list-style-type: none"> <li>□ Establish a manageable record keeping system</li> <li>□ Identify credits and deductions that will be relevant upon release</li> <li>□ Prepare to file taxes, including selecting the appropriate preparer to avoid unnecessary fees</li> </ul>



Blocks	Tools and Materials	Construction
<b>Make Money Work</b>	<ul style="list-style-type: none"> <li>□ Recognize the differences between working and wealth, as well as, saving and investing</li> <li>□ Identify the power of compounding and time in growing money</li> <li>□ Distinguish between types of assets, their uses, risks, potential rewards, and costs</li> <li>□ Recognize net worth as a measure of wealth</li> </ul>	<ul style="list-style-type: none"> <li>□ Pay yourself first</li> <li>□ Review current savings options and make appropriate choices if necessary</li> <li>□ Identify assets necessary for successful reentry</li> <li>□ Establish a plan to save and invest to acquire assets needed for a secure future</li> <li>□ Calculate net worth</li> </ul>
<b>Protect Your Potential</b>	<ul style="list-style-type: none"> <li>□ Recognize potential risks to financial stability and ways to manage them</li> <li>□ Be familiar with types of insurance and their appropriate uses, benefits, and costs.</li> <li>□ Be aware of identity theft, predatory lending and scams, and the resources for victims</li> <li>□ Recognize the importance of having affairs in order in the event of an unexpected medical emergency or death</li> <li>□ Recognize the importance of comparison shopping</li> <li>□ Identify the types of organizations and professionals which make up the financial system and the products and services they provide</li> </ul>	<ul style="list-style-type: none"> <li>□ Establish an emergency savings</li> <li>□ Identify reentry risks and establish a plan to manage them</li> <li>□ Identify the health insurance needs upon release</li> <li>□ Identify other types of insurance needed upon release</li> <li>□ Establish or review medical directive</li> <li>□ Establish or review will</li> <li>□ Order C.L.U.E. report and review for errors</li> </ul>
<b>Borrow To Grow</b>	<ul style="list-style-type: none"> <li>□ Identify the types and appropriate uses of credit and acceptable levels of debt</li> <li>□ Identify the four main factors that affect the total cost of using credit</li> <li>□ Be familiar with credit reports and scores, how to get them, and how lenders use them</li> <li>□ Recognize the credit risk to cost relationship and ways to improve credit worthiness</li> <li>□ Be familiar with information lenders must provide to you when borrowing money</li> </ul>	<ul style="list-style-type: none"> <li>□ Assess prior practices of meeting obligations and identify those that need to improve upon release</li> <li>□ Identify a reasonable debt level</li> <li>□ Review the terms and costs of open credit accounts</li> <li>□ Pay down fines</li> <li>□ Establish a plan to repay debt upon release</li> <li>□ Order free credit reports and review for errors and potential problems</li> </ul>

## Visual 2 – Top Actions Taken by Inmates



## Visual 3 – Reported Readiness for Reentry

Knowing how, when, and where to use money is key to keeping my freedom.  
I changed my thinking about money. I am very prepared. Bring it on!  
My fears are gone because I have the tools.  
I now know I am responsible for my future.  
I can make some better informed decisions.  
I now have more hope and understanding.  
BYFH helped focus my concerns and clarify my goals. Readiness, preparedness.  
Less desperate and definitely more empowere.  
I did not know as much as I thought I did.  
It was a great learning experience that I will take with me upon reentry.  
Be more responsible as I have so much to learn.  
BYFH opened my eyes to what I face upon reentry.  
I still have challenges, but what has changed is my perspective.  
I am clear about my goals. I know the importance of adapting what I knew before.  
I have hope to move on.