

Meeting the Grand Challenge to Build Financial Capability and Assets for All **Social Workers: A Ready Workforce for Building Financial Capability in Underserved Households**

Policy Recommendations

- Create a “financial capability for all” initiative to support financial social work training and education.
- Invest in financial technology to reach the financially underserved.

Introduction

In a society where finance increasingly shapes daily life¹, effective finance has not reached everyone, placing a steep economic burden on those who are underserved.² They may be challenged by financial essentials, such as opening and maintaining a bank account, accessing affordable credit, paying on debt, buying insurance, and accumulating savings for emergencies and for the long term.³ Households that lack access to appropriate financial services, financial guidance, and financial policies struggle to manage, safeguard, and enhance their economic health and well-being.

Human Service Professionals and Financial Capability

Human service professionals are uniquely positioned to respond directly to people with financial challenges. As Jane Addams observed, social workers are “among the people” with established relationships. Government officials have learned this. During the COVID-19

¹ Aalbers, Manuel B. (2019) Financialization. In Douglas Richardson, Noel Castree, Michael F. Goodchild, Audrey L. Kobayashi Weidong Lui & Richard Marston (Eds.), *The international encyclopedia of geography: People, the earth, environment, and technology* (pp. 1-14). Oxford: Wiley.

² The underserved, for example, include the nearly 19% of US households who lack or functionally have limited access to a bank account (FDIC, 2021 FDIC National Survey of Unbanked and Underbanked Households, July 24, 2023, <https://www.fdic.gov/analysis/household-survey/index.html>), the nearly 20% of Americans who have no or limited access to credit (CFPB, Who are the credit invisibles? December 2016). <https://www.consumerfinance.gov/about-us/blog/who-are-credit-invisible/>), and the 44% of working people between the ages of 40-55 who lack even one retirement account (Hoffman, M.G., et al., Who has retirement accounts? US Census Bureau, August 31, 2022, <https://www.census.gov/library/stories/2022/08/who-has-retirement-accounts.html>).

³ Creamer, John F. & Warren, Lewis H. (September 2022). Unbanked and impoverished? Exploring banking and poverty interactions over time. SEHSD Working Paper Number 2022-16 (<https://www.census.gov/library/working-papers/2022/demo/SEHSD-wp2022-16.html>); <https://www.census.gov/content/dam/Census/library/working-papers/2022/demo/sehswp2022-16.pdf>

pandemic, for example, the Internal Revenue Service was unable to locate 12 million people who qualified for stimulus payments and turned to human service providers to find them and help them apply for payments.⁴ Many of these providers were social workers. *This social work expertise can be expanded to a grander scale.*

Social workers are a large workforce that can reach millions of US households that are financially underserved.⁵ Whether they are providing mental health treatment, placing a child in foster care, or helping disaster victims after a flood, social workers are often simultaneously addressing financial challenges. They provide access to a wide range of services such as emergency assistance, public benefits, job training and placement, and health care and housing. With additional training, social workers are well-positioned to help families build financial stability and security.

Social workers currently make up the largest of the human services workforce. The US Bureau of Labor Statistics estimates that the social work labor force will grow by seven percent over the next 10 years, more than double the rate of other occupations.⁶ If each of the estimated 728,260 social workers reach an average of 60 clients per year with basic financial guidance (surely a low estimate), they would collectively reach over 40 million people annually in a wide range of capacities. No other profession has the potential to reach so many disadvantaged families with sustained relationships and repeated interactions.

The social work profession is ready to accept the challenge. The groundwork has been laid. Financial capability is one of 14 “Grand Challenges for Social Work.”⁷ The accrediting body for social work education, the Council on Social Work Education, has published an

⁴ Internal Revenue Service (May 19, 2021). IRS urges groups to share information to help those without permanent addresses get benefits including Economic Impact Payments, upcoming advance Child Tax Credit. <https://www.irs.gov/newsroom/irs-urges-groups-to-share-information-to-help-those-without-permanent-addresses-get-benefits-including-economic-impact-payments-upcoming-advance-child-tax-credit>; Mihalach, Valentin (October 8, 2020). New guide to help organizations connect individuals with stimulus payment. Washington DC: Consumer Financial Protection Bureau (CFPB). <https://www.consumerfinance.gov/about-us/blog/guide-helps-organizations-connect-people-to-stimulus-payment/>; US GAO (October 11, 2022). Millions of people may still be eligible for COVID-19 stimulus payments, but time is running out. <https://www.gao.gov/blog/millions-people-may-still-be-eligible-covid-19-stimulus-payments-time-running-out>

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⁶ U.S. Bureau of Labor Statistics (September 6, 2023). Occupational Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Social Workers. <https://www.bls.gov/ooh/community-and-social-service/social-workers.htm>

⁷ Grand Challenges for Social Work (2023). <https://grandchallengesforsocialwork.org/>;

economic well-being practice curriculum (2017).⁸ Financial capability has been adopted as a policy priority by the National Association of Social Workers, the largest social work professional organization (2021).⁹ Two decades of research, along with textbooks and other curricular resources, provide a knowledge base and pedagogical support.¹⁰

Policy Recommendations

1. Create a federal “financial capability for all” initiative to support financial social work training and education.

This initiative would add essential and basic financial guidance and resources to the social work toolbox. This would in turn deliver financial social work to millions of families who are struggling financially. Like past federally funded training grants for mental health¹¹ and child welfare,¹² this initiative would offer support for training and education, enabling professionals to extend essential financial guidance and financial capability services to underserved households and communities. In the current era in which finance has taken on an outsized role in individual and family well-being, a federal program for financial social work education and training would enhance social workers’ competencies to deliver financial capability services to those who face the greatest challenges.

We recommend an annual investment of \$100 million in training social workers in financial capability skills by the Department of Health and Human Services. With this, the nation could boost the profession’s substantial initial efforts, and provide financial guidance that improves household financial management, widens access to financial services, and advances social policies that increase financial access for underserved families. The payoffs

⁸ Council on Social Work Education (2017). Curricular guide for economic well-being practice.

<https://www.cswe.org/products/curricular-guide-for-economic-well-being-practice/>

⁹ National Association of Social Workers (January 2021). 2021 Blueprint of Federal Social Policy Priorities.

<https://www.socialworkers.org/News/News-Releases/ID/2276/NASW-releases-its-2021-Blueprint-of-Federal-Social-Policy-Priorities>

¹⁰ Callahan, C., Frey, J. J. & Imboden, R. (Eds.) (2020). The Routledge handbook on financial social work. Routledge; Huang, J, Sherraden, M., Johnson, L., Birkenmaier, J. M., Loke, V. & Hageman, S. (2021). Preparing social work faculty to teach financial capability: Where we stand. *Journal of Social Work Education*, 57(4), 688-706.

10.1080/10437797.2020.1714524; Sherraden, M. S., Birkenmaier, J., & Collins, J. M. (April 2018). *Financial Capability and Asset Building in Vulnerable Households: Theory and Practice*. New York & Oxford: Oxford University Press.

¹¹ Lightfoot, Elizabeth & Beltran, Raiza (2018). The Group for the Advancement of Doctoral Education in Social Work, *Encyclopedia of Social Work*. Oxford University Press; Brand, J. L., The National Mental Health Act of 1946: A retrospect. *Bulletin of the History of Medicine*, 39(3), 231-245.

¹² Zlotnik Joan L. (2002). Preparing social workers for child welfare practice: Lessons from an historical review of the literature. *Journal of Health and Social Policy*, 15(3-4):5-21. doi: 10.1300/J045v15n03_02. PMID: 12705461

in improved household functioning, crisis prevention, and greater economic productivity would more than return this value to society.

2. Invest in financial technology to reach the financially underserved.

To support the “financial guidance for all” initiative, the Consumer Financial Protection Bureau could expand the breadth of its online educational materials to include networking platforms, public benefits platforms, and data collection and management tools. Increasing use of artificial intelligence presents an opportunity for the CFPB to leverage its financial knowledge base to create financial guidance chatbots that can serve the particular needs of low- and moderate-income households.¹³ Digital tools would facilitate the reach of human service professionals to engage the tens of millions of Americans who lack access to affordable and beneficial financial guidance and services.

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About the Grand Challenges for Social Work

The Grand Challenges for Social Work was launched by the American Academy of Social Work & Social Welfare in 2016 to harness the ingenuity, expertise, dedication, and creativity of individuals and organizations within the field of social work and beyond to champion “social progress powered by science.” More information on the Grand Challenges may be found at GrandChallengesforSocialWork.org.

¹³ Sugumar, Moses and Chandra, Shalini (2021) "Do I desire chatbots to be like humans? Exploring factors for adoption of chatbots for financial services," *Journal of International Technology and Information Management*, 30 (3), Article 3. DOI: <https://doi.org/10.58729/1941-6679.1501>; See also Perhach, Paulette (2023, May 20). Would you take financial advice from A.I.? *New York Times*. <https://www.nytimes.com/2023/05/20/business/ai-financial-advice-chatgpt.html>