

## **Trauma-informed Economic Empowerment Project White Paper**

### **Problem 1:**

***Financial literacy programs are lacking in trauma-informed approaches.***

Our research into existing financial education models has revealed that these programs often fail to fully acknowledge the role that trauma plays in how survivors relate to money or the ways in which trauma may undercut efforts to become financially empowered. The question of what it means to be truly trauma-informed when designing and implementing financial empowerment programs has been a recurring topic in conversations with partner organizations dedicated to DV advocacy. Obstacles to empowerment consist not only of survivors' limited to lack of knowledge and/or experience with financial tools; some of the major obstacles impeding financial independence and well-being are emotional and psychological, such as the feelings of shame and disempowerment that result from the experience of chronic poverty and/or financial abuse.

The need for trauma-informed financial education has been one of the most important lessons learned in our efforts to develop our economic empowerment curriculum. In our conversation with Tucson's YWCA we learned that AllState's *Moving Ahead* curriculum, one of the most widely used programs nationally, fell short in this regard.<sup>1</sup> While helpful in providing targeted information to IPV survivors and developing specific skillsets and (i.e. safety planning tools, budgeting, buying a home), it failed to provide any substantive training on how trauma issues can hinder a victim's ability to make positive changes with regard to their finances. In our conversations with Emerge!, we learned that they had recently partnered with a local regional bank that would deliver financial empowerment training to their staff. After receiving the trainings by one of the bank's financial advisors, the general consensus was that standard (as in non trauma-informed) financial expertise resulted ineffectual in the context of IPV, as such approach seemingly lacked recognition of the impact that violence, poverty and/or marginalization can have on survivors' ability to absorb, implement or sustain the advice that they provide.<sup>2</sup>

---

<sup>1</sup> Conversation with Lianne Hernández, Director of the Women's Empowerment, Leadership, and Wellness Center at the YWCA of Southern Arizona in November 2019 and January 2020.

<sup>2</sup> Conversation with Sheronda Jordan, Daniela Munoz-Alvarez, and Anna Harper-Guerrero at Emerge! On January, 9, 2020.

Some academic literature on the topic of financial empowerment for IPV survivors echo our own observations. A review of two of the major financial literacy programs in recent years, including AllState's *Moving Ahead* curriculum, determined that it presented a void regarding the implications of emotional and mental damage on survivors' ability to achieve financial well-being. The reviewers argue that "[a]ctions to promote economic independence cannot be separated from the attendant emotional aspects of violence and its consequences, therefore every plan must adequately address the participants' emotional needs," and conclude that "existing programs do not provide a comprehensive response to this barrier."<sup>3</sup> In their internal review of the *Moving Ahead* curriculum, the authors' recommendation states that further research is needed to "determine the models (including the pathways) that best predict improving survivors' emotional well-being including quality of life, depression, anxiety, and PTSD over time," and "the role that economic abuse plays with depression among survivors."<sup>4</sup> Such recommendations reveal the need of a more focused trauma-informed approach on the part of this widely disseminated curriculum.

**Recommendation A:**

Educate the public about financial trauma and normalize it. Raise awareness about the existence of financial PTSD and its impact on IPV survivors, and how financial PTSD can be triggered or exacerbated by economic abuse and marginalization. The concept of financial trauma can be a useful tool in the context of IPV survivors because it can help get to the root cause of a dysfunctional relationship with money.

**Recommendation B:**

Re-imagine financial empowerment programs to integrate a more holistic approach by de-centering financial "know-how" (budgeting, credit basics, saving strategies etc.) and addressing the emotional and psychological effects of economic abuse on survivors. There are a number of programs implementing this kind of approach, and our recommendation is to utilize the tools that have already been developed.<sup>5</sup>

**Recommendation C:**

Adapt financial therapy models to address the specific issues of IPV survivors. We have found that CBT and the "Money Scripts" are promising tools. As part of our clinic's economic empowerment project, we are developing a sub-module that introduces the basic concepts of CBT and proposes it as a useful tool to help survivors get rid of unhelpful thought patterns related to their money selves and adopt more helpful ones.

---

<sup>3</sup> Peled, E., & Krigel, K. (2016). "The path to economic independence among survivors of intimate partner violence: A critical review of the literature and courses for action." *Aggression and Violent Behavior*, 31, pg. 132.

<sup>4</sup> [http://socialwork.rutgers.edu/Libraries/VAWC/allstate\\_executive\\_summary\\_1.sflb.ashx](http://socialwork.rutgers.edu/Libraries/VAWC/allstate_executive_summary_1.sflb.ashx)

<sup>5</sup> Please refer to our Train-the-trainer Trauma Informed Economic Empowerment module for a list of resources.

## **Problem 2:**

### **The issue of institutional re-traumatization is prevalent among DV survivors seeking public assistance.**

Trauma research tells us that past or present trauma can be exacerbated by injustice in social structures, services, and institutions.<sup>6</sup> When providing our trauma-informed training to our partner agencies, the difficulty that survivors face when trying to navigate the system of public assistance stands out as a pervasive obstacle. Very often one of the first steps to becoming financially independent involves seeking out this type of assistance; in this sense, this form of re-traumatization poses a particular threat to the goal of economic empowerment. Our conversations with advocates helping survivors navigate these systems revealed that service providers commonly lack awareness of the effects of trauma on survivors seeking the assistance.<sup>7</sup> One advocate explained how “very often, victims are treated poorly by service providers, making them feel badly for being there in the first place.”<sup>8</sup> Another advocate who has helped people apply for public assistance such as food stamps, cash assistance (TANF), health insurance, and WIC, shared that the experience can be very frustrating and disempowering: “There are always long lines at DES or long wait times on the phone and the messages you get are really inconsistent. Their policies are really rigid and it’s not a very human experience, staff members can be really cold. There is a long history in the US of vilifying people who access welfare benefits and it feels like the process is difficult on purpose.”<sup>9</sup>

This kind of power dynamics have been the topic of social studies and social work research. In *Disciplining the Poor*, the authors explain that “the dominant narrative about poverty in the United States is that the fault lies with the individual because they lack discipline” and that “food assistance, housing, welfare programs are often conditional, emphasize behavioral expectations, and penalize non-compliance.”<sup>10</sup> Such attitudes create an environment of mistrust both on part of service providers and the people seeking their help. What is more, trauma-informed training is necessary because service staff needs to be aware that “[m]ental and physical health problems caused by violence or abuse, whether temporary or more long-term, can diminish some people’s ability to work, participate in job training or education programs, or comply with government benefit requirements.”<sup>11</sup>

Research on the impact of institutional traumatization on IPV victims specifically seems to be limited. One study looks at the interaction the experiences of welfare recipients in their interactions with frontline workers, questioning whether these workers were reenacting the abuses that the women had experienced in their personal lives. The study revealed significant “emotional and economic abuse both in the welfare system and their personal lives,” arguing that “[i]nteractions with frontline workers who implement the rules and regulations (...) disempower recipients and mimic the conditions of abuse

---

<sup>6</sup> <https://socialwork.buffalo.edu/content/dam/socialwork/social-research/ITTIC/TIC-whitepaper.pdf>

<sup>7</sup> Conversation with YWCA staff during our Trauma-informed training on July 6, 2020.

<sup>8</sup> Conversation with the YWCA *Promotoras* during our Trauma-informed training on August 4, 2020.

<sup>9</sup> Notes from our questionnaire for local Tucson advocates regarding Institutional Retraumatization.

<sup>10</sup> Soss, J., Fording, R. C., & Schram, S. (2011). *Disciplining the poor: neoliberal paternalism and the persistent power of race*. Chicago: University of Chicago Press.

<sup>11</sup> Davies, n.d. quoted in “Real Tools: Responding to Multi-abuse trauma,” by Debi S. Edmund, M.A., LPC and Patricia J. Bland, M.A., CDP, published by *Alaska Network on Domestic Violence and Sexual Assault*, 2011, pg. 20.

that these women have already experienced.”<sup>12</sup> They argue that “[a] prominent theme from the analysis is that women on welfare are not only the survivors of abuse in their private lives but also are subjected to further abuse in the public arena. Consequently, rather than providing assistance for the problems of their turbulent lives, the welfare system becomes one of the significant barriers that welfare recipients must face.”<sup>13</sup>

The authors argue that the women in the study were, in fact, economically abused at the welfare office. They defined economic abuse as “the use of sanctions that reduce recipients’ welfare benefits or threats of sanctions.”<sup>14</sup> They explain that “the recipients feel powerless to avoid sanctions because of circumstances that they believe are beyond their control,” just as they did while living with their abuser. They relate the experience of a mother of a 1-month old who claims she was threatened with sanctions on a regular basis, even though she had never been sanctioned even once: “[the worker] sends me a letter practically every month, saying ‘I’m cutting your grant.’” Then another letter saying ‘Don’t worry about it; your grant isn’t being cut.’”<sup>15</sup> The authors of the study explain that “[t]o the recipient, the worker seemed to be playing “head games” and tell us that the mother went on to say that “[w]hat [the worker] doesn’t realize is that I could snap at any minute if I have an anxiety attack.”<sup>16</sup>

#### **Recommendation A:**

Raise awareness and educate clients. Institutional retraumatization is a problem that needs to be addressed and they are not the only ones experiencing it. As one local Tucson advocate puts it: “Validating that the process is hard for everyone. Highlighting their strengths, making sure they hear me say that using benefits doesn’t indicate they have failed or are lazy or anything else people say. And if I can be there with them while they are applying it typically helps a lot.”<sup>17</sup>

As part of the trauma-informed approach, DV advocates could include ways to prepare survivors to face potential re-traumatization when navigating the system of public assistance. It may be useful to create some guidelines. For example: 1) Prepare victims, warn them that navigating the system will probably be difficult mentally and emotionally; 2) If one cannot accompany them in person, provide some kind of “coaching” in the form affirmations (“you have the right to receive this kind of help”, “you have the right to be treated with respect”, etc.) and/or provide specific language that they can use when they need to push.

#### **Recommendation B:**

Outreach and trauma education to service staff at public assistance institutions. As Laakso and Drevdahl suggest, “[f]rontline workers must receive sufficient training in screening for histories of abuse and education about the dynamics of interpersonal violence and its impact on adult behaviors.” What is more,

---

<sup>12</sup> Laakso and Drevdahl, “Women, Abuse, and the Welfare Bureaucracy”, *Journal of Women and Social Work*, Spring 2006, pg. 84.

<sup>13</sup> Laakso and Drevdahl, “Women, Abuse, and the Welfare Bureaucracy”, *Journal of Women and Social Work*, Spring 2006, pg. 89.

<sup>14</sup> *Ibid.*, pg. 90.

<sup>15</sup> *Ibid.*, pg. 90.

<sup>16</sup> *Ibid.*, pg. 90.

<sup>17</sup> Anonymous. Interview with local Tucson advocate by author. November 17, 2020.

“[h]iring practices should include screening applicants for negative attitudes and stereotypes toward welfare recipients before they are placed in these critical frontline positions.”<sup>18</sup>

### **Recommendation C:**

As Laakso and Drevdahl suggest in their study, advocate for policies that will:

- Remove sanctions as a form of economic abuse;
- Eliminate threats, humiliation, and disrespect as acceptable strategies for shrinking caseloads;
- Allow recipients to participate in defining the terms of interaction;
- Evaluate whether the recipients are emotionally and physically capable of responding to the requirements of welfare regulations.<sup>19</sup>

### **Problem 3:**

#### **An economic justice framework is necessary in financial empowerment work.**

In performing the work of economic empowerment we believe that it is crucial to acknowledge the reality that we live in a system of economic structures that are often unfair for those who are most vulnerable. When survivors begin seeking financial independence and financial wellness, they are usually faced with difficult obstacles imposed by such system. These obstacles are also sometimes referred to as “poverty traps”—mechanisms that make it very difficult for people to escape poverty. What is more, low-income women are more at risk to fall into poverty traps, including borrowing from payday lenders, enrolling in for-profit schools or trade programs with poor job prospects, getting stuck in low-income jobs with limited opportunities for growth, domestic violence, lack of health insurance, reliance on emergency room care, lack of affordable childcare options, etc.<sup>20</sup>

How may survivors benefit from learning about economic justice in their economic empowerment programs? Why is it important to address issues of economic justice in the context of trauma-informed services? The experience of financial trauma, common to many IPV survivors, creates the notion that they’re at full fault for finding themselves in economic distress. This is especially true for women who fight to raise their children while facing economic instability.<sup>21</sup> Financial trauma researchers tell us that “strong emotions, such as shame, may be a response to traumatic experiences, which in turn can lead to a distortion of one’s positive sense of self.”<sup>22</sup> The idea of being poor or believing that one is just “not good with money” can often create feelings of shame and affect survivors’ ability to become financially independent and secure. Moreover, trauma

---

<sup>18</sup> Laakso and Drevdahl, pg. 95.

<sup>19</sup> Laakso and Drevdahl, pg. 95.

<sup>20</sup> Wolfsohn, Reeta. Center for Financial Social Work (producer). (2020). *Overcoming Financial Irrational Decision-making* [Webinar] <https://financialsocialwork.com/downloads/overcoming-irrational-financial-decision-making>

<sup>21</sup> Ibid.

<sup>22</sup> Ross, D.B., & Coombs, E. (2018). “The Impact of Psychological Trauma on Finance: Narrative Financial Therapy Considerations in Exploring Complex Trauma and Impaired Financial Decision Making.” *Journal of Financial Therapy*, 9 (2) 4, pg. 41.

research also tells us that unjust economic structures can exacerbate trauma responses in DV victims/survivors. Shining a light on the obstacles imposed by a dysfunctional socio-economic system may help bring clarity and disentangle these feelings of shame and perhaps avoid perpetuating trauma responses. We believe that it's important to raise awareness of the fact that many times what's broken isn't the person, but the system of economic structures in which survivors are expected to operate. The hope is that this will help alleviate the shame that is so detrimental to the process of healing financial trauma.

How might we define economic justice in the context of trauma-informed financial education? We understand it to be “a set of moral principles for building economic institutions, the ultimate goal of which is to create an opportunity for each person to create a sufficient material foundation upon which to have a dignified, productive, and creative life beyond economics.”<sup>23</sup> Broadly speaking it means that everyone should have: fair and adequate pay, income equality by gender and race, access to affordable health care, access to affordable quality education, and access to affordable housing.

The extent to which other financial education programs integrate an economic justice framework is still unclear. However, when discussing AllState's *Moving Ahead* curriculum—again, one of the most widely disseminated financial literacy programs for victims of IPV—program reviewers noted a void in this sense: “[c]onspicuous by its absence is a reference to barriers resulting from marginalization, oppression and inequality. This shortfall has also been noted by the program's facilitators, as reported in the internal evaluation report of the program.”<sup>24</sup> The fact that such lack is being discussed in the context of one of the most widely used financial literacy programs in the context of IPV may be indicative of a larger need to address issues of economic justice in such programs.

**Recommendation A:**

Integrate an economic justice framework into the trauma-informed component of economic empowerment programs to help disentangle feelings of shame and advance the healing process of IPV survivors. This in turn may help set them up for financial stability in more sustainable ways.

---

<sup>23</sup> Sandro Galea, MD, DrPH, Dean and Robert A. Knox Professor, Boston University School of Public Health. “On Economic Justice.” (2017) <https://www.bu.edu/sph/news/articles/2017/on-economic-justice/#:~:text=Economic%20justice%20has%20been%20defined,economics.%E2%80%9D%20Therefore%2C%20an%20economic>

<sup>24</sup> Peled, E., & Krigel, K. (2016). “The path to economic independence among survivors of intimate partner violence: A critical review of the literature and courses for action.” *Aggression and Violent Behavior*, 31, pg. 132.