“Managing in Tough Times” assists Idahoans

The Situation
Rural and urban families are struggling to maintain economic stability in a changing economy. Idaho residents from every demographic group lack financial management knowledge and skills to make educated financial decisions and implement sound financial practices. Evidence includes: 1) Idaho bankruptcy rates increased 45% in 2009; 2) Idahoans spent $118.8 million in overdraft fees; 3) mortgage delinquency and foreclosure rates in urban communities are among the highest in the nation; 4) statewide loss of home equity wealth is predicted to reach $1.8 billion by 2012.

According to a statewide survey conducted by the Northwest Area Foundation, Idahoans have seen more people struggling to make ends meet in 2009 than in the previous year. Many report job losses, reduced work hours, smaller budgets for food (55%), medical care and other basic needs (32%), and problems paying for necessities such as mortgage, rent, or heating. Nearly one-half of Idahoans (49%) have cut back on their retirement savings.

Our Response
To help southern Idaho residents cope with these financial challenges, University of Idaho Extension Educators, Beverly Healy and Marsha Lockard, offered “Managing in Tough Times” in Boise and Caldwell. This four part series of classes that includes budgeting, credit, debt, and identity theft was offered twice in Boise and once in Caldwell during 2009-2010.

Program Outcomes
Many families are financially stressed due to the economic downturn and loss of jobs. Participants learned how to create a budget/spending plan, a first step in making ends meet. They learned about setting financial goals and tracking spending; both tools for saving money and making financial goals become a reality. They also learned to recognize the need for emergency savings.

Credit is a valuable tool when used wisely. Used incorrectly, it can tie up future income and leave too much debt. Participants learned how to use credit effectively, how to comparison shop for credit, appropriate use of credit and about the new credit card laws.

Many participants were pressured by heavy consumer debt. They learned that a first step in reducing debt is assessing the problem, followed by setting debt reduction goals. They identified that developing a plan to get out-of-debt was important information to help them take control of their finances.

The best laid financial plans can go awry if your identity is stolen. Participants learned about protecting
personal information to help guard against identity theft. They learned the importance of monitoring credit reports annually to spot problems early and the steps to take if they become a victim of identity theft.

Many individuals still prefer to learn in person; as a result 118 attended the classes. A pre/post retrospective survey completed by participants showed a gain in knowledge as a result of participating in the series. Overall we saw the largest improvements in knowledge gain about debt repayment plans, tracking spending and preventing identity theft.

<table>
<thead>
<tr>
<th>Before class</th>
<th>Pre/Post Evaluation</th>
<th>After class</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>I will track my spending every week.</td>
<td>77%</td>
</tr>
<tr>
<td>48%</td>
<td>I know how to make a spending and saving plan.</td>
<td>88%</td>
</tr>
<tr>
<td>73%</td>
<td>I know how to build a positive credit history.</td>
<td>94%</td>
</tr>
<tr>
<td>70%</td>
<td>I know what influences my credit score.</td>
<td>94%</td>
</tr>
<tr>
<td>28%</td>
<td>I know how to calculate the maximum amount of debt repayment I can afford.</td>
<td>100%</td>
</tr>
<tr>
<td>35%</td>
<td>I have a plan for debt repayment.</td>
<td>100%</td>
</tr>
<tr>
<td>44%</td>
<td>I know how to reduce my risk for identity theft.</td>
<td>90%</td>
</tr>
<tr>
<td>50%</td>
<td>I know what to do if I am a victim of identity theft.</td>
<td>90%</td>
</tr>
<tr>
<td>40%</td>
<td>I will regularly obtain my credit report and check it.</td>
<td>80%</td>
</tr>
</tbody>
</table>

Participant comments:
Participants reported knowledge gained and/or actions they will take as a result of attending the series.

- Start using a budget
- Set financial goals and put them in writing
- Start an emergency fund and save more
- Work on building a positive credit history
- Lessen my use of credit cards
- Order a copy of my free credit report
- Be more attentive to paying bills on time
- Use PowerPay or a worksheet to create a plan for debt repayment
- Request my photo placed on credit cards
- Stop carrying my Social Security card and extra credit cards in my wallet
- Be cautious about giving out personal information to prevent identity theft

Cooperators and Co-Sponsors:
Canyon/Owyhee Financial Literacy Coalition
Caldwell Public Library
Community Volunteers
Howdy Neighbor
Idaho End-of-Life Coalition
Idaho Financial Literacy Coalition
Financial Consultants
Internal Revenue Service
SW Idaho Area Agency on Aging
Western Idaho Community Action Partnerships

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