Dollars or Services?
The Complementary Roles of Financial Assistance and Social Services for Vulnerable Populations
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Executive Summary

Background
As Liliʻuokalani Trust (LT) shifts to implement the directions and activities identified for the years 2020-2025 in its updated strategic plan, striking an appropriate balance between use of resources for direct services and for financial assistance is an important topic.

Between March and August 2020, substantial funds were directed to “emergency financial stabilization” and some prior constraints on financial assistance were temporarily lifted to provide kamaliʻi and their ʻohana with relatively small, one-time awards to help offset the immediate impacts of the contraction of the Hawaiʻi economy in the wake of the COVID-19 pandemic. As we move forward, the question about the role of financial assistance in LT’s toolkit for supporting ʻohana is highly relevant. The LT Research, Evaluation, and Strategy team was asked to look at evidence about the relative efficacy of financial assistance compared to social services.

Key Findings

- The pervasive, negative effects of poverty on the development and future wellbeing of kamaliʻi are well established in the literature.
- Larger, sustained assistance does help ameliorate the detrimental effects of poverty, but financial assistance alone is usually not sufficient to help those without other forms of social or relational capital.
- Small, short-term financial assistance can provide crucial resources in an emergency and help prevent the slide of kamaliʻi and their ʻohana into poverty, but we found limited published research on this.
- Services including financial assistance, socioemotional, educational, and vocational programming, early childhood education, and recognizing and nurturing the potential of youth through positive youth development work in concert to promote healthy development and well-being for vulnerable populations.

Implications for LT

- LT should continue to use limited financial assistance as a component of social services to help prevent ʻohana from sustained poverty. We should work with ʻohana to connect them to long-term financial assistance as needed and available.
- LT’s unique and valuable contribution lies in focus on relationships and connections of Native Hawaiian kamaliʻi to their family, culture and community to strengthen their well-being, build resiliency and support their development as thriving kamaliʻi.
As Liliʻuokalani Trust (LT) begins to implement the 2020-2025 portion of its updated strategic plan, striking an appropriate balance between use of resources for direct services or financial assistance is important. Historically, LT has provided some financial assistance to orphaned and destitute Native Hawaiian kamaliʻi and their ‘ohana. Many ‘ohana received financial assistance only (i.e., with no case management, counseling, or group services). In 2016, LT began to move away from financial assistance alone, restricting the contexts in which it would be provided and requiring recipients to participate in financial literacy programs as a condition of receiving the assistance.

Between March and August 2020, substantial funds were directed to “emergency financial stabilization” and some of the constraints on assistance were temporarily lifted to provide kamaliʻi and their ‘ohana with small, one-time assistance to help offset the immediate financial impacts of contraction of employment in the wake of the COVID-19 pandemic.

As we move forward, the question about the role of financial assistance in LT’s toolkit for supporting ‘ohana is highly relevant. The LT Research, Evaluation, and Strategy team was asked to look at evidence about the relative efficacy of financial assistance compared to social services. This report provides an overview looking at the effectiveness of financial assistance programs in comparison to direct services programming when working with early childhood and opportunity youth populations.
Early Childhood

Poverty is a high-risk barrier to wellbeing. The effects of poverty have long lasting impacts starting from early childhood and through the life cycle. Parents struggling to meet their families’ basic needs may be working multiple jobs and experiencing chronic stress which can increase family disconnection and negatively impact mental health wellbeing (Child, 2012; B. D. DeBaryshe, K. G. Scott, & K. T. Gauci, 2020; Fallon, Filippelli, Joh-Carnella, Milne, & Carradine, 2018). Family disconnection negatively impacts healthy child development (Browne, 2016).

Distracted and disconnected parents with limited resources have a difficult time accessing information about early childhood development and spending quality time with their children. Quality parental responsiveness is crucial for building resiliency and self-efficacy in children of all ages, but most importantly during the early childhood years of 0-5 (Browne, 2016; E. E. Werner, 1993). Improvements in early childhood home environments and responsive parenting in concert with early childhood care and education are effective protective factors critical to healthy child development (E. Werner, 1997; E. E. Werner, 1992, 1993). Holistic supports to promote healthy early childhood development are effective tools to overcome poverty (Choi, Erickson, Griffin, Levere, & Seidman, 2015; Barbara D. DeBaryshe, Keith G. Scott, & Kathleen T. Gauci, 2020; Fallon et al., 2018; J. J. Heckman & Karapakula, 2019).

Investment in and equitable access to quality Early Childhood Education (ECE) yields an enormous return on investment related to improved quality of life and wellbeing over time (J. J. Heckman & Karapakula, 2019). As Figure 1 shows, the return on investment in early childhood learning is higher at earlier stages in life. If society invests later in an individual’s life, the economic returns significantly lowers. Earlier investments in childhood learning provides economic and productivity benefits for the children and for society (Heckman, 2020). Quality ECE sets a firm foundation towards building a stable future for children from vulnerable backgrounds, increasing the likelihood of breaking cycles of inter-generational poverty.

Research reveals that high quality early development programs are flexible and incorporate holistic multi-generational services, such as child-focused early learning, parent education, and basic needs supports to stabilize early childhood home environments (e.g., housing, food, clothing, education and other subsidies). Together, these approaches work to counteract the chronic environmental stressors experienced by vulnerable families (e.g., poverty, safety, institutional racism) (B. D. DeBaryshe et al., 2020; Fallon et al., 2018).

Over time, holistic and multi-generational services and supports related to early childhood development and education are sustainable and
effective. Equitable access to quality ECE is foundational to wellbeing. Collaboration, wrap-around services and a coordinated system of care from private and public partnerships work in concert to support parents raising young children and provide equitable access to quality early childhood care and education for children from vulnerable backgrounds (B. D. DeBaryshe et al., 2020; Fallon et al., 2018).

In concert with flexible and targeted financial subsidies, quality ECE over time provides a strong start and building block towards more educated and healthy individuals of all backgrounds. Individuals who are well-equipped to meet their basic and self-actualized needs and, ultimately, contribute positively to their communities.

Opportunity Youth

Opportunity Youth are defined as youth not in school or working typically between the ages of 16 to 24. Opportunity youth who have been disadvantaged early in life (for example, being homeless, in foster care, or being institutionalized) will struggle with their transition to adulthood and are likely to fall into poverty, homelessness, and/or adult offending. One of the most effective ways to break the cycle of poverty for this population is education, the attainment of which is strongly correlated with various positive economic, social, and personal benefits (Belfield, Levin, & Rosen, 2012; Day, Riebschleger, Dworsky, Damashek, & Fogarty, 2012; Mathur & Clark, 2014). Therefore, much of the institutional efforts are focused on getting this population to college, both in terms of financial assistance and direct services.

Figure 2. Opportunity Youth statistics nationwide and Hawai’i
(Kamehameha Schools, 2014; Measure of America, 2012)

Opportunity youth are typically disengaged from society and are ‘under-attached’ to the community, meaning that they do not have stable social networks or support to help them with their unique issues during a time period that is already difficult for most other youth (Belfield et al., 2012). The high school graduation rate for opportunity youth is estimated to be 18 percentage points lower than average, and by 28 years of age, “only 1% of opportunity youth will have completed at least an Associate’s degree; the rate for the rest of the population is 36%” (Belfield et al., 2012, p. 1). Youth who have been institutionalized or grown up in foster care may lack institutional knowledge or the basic life skills to take care of themselves leading to homelessness and poverty (Cutuli et al., 2016; Day et al., 2012; Olson, Scherer, & Cohen, 2017). This is where direct social services can be most beneficial. Programs that provide food, clothing/hygiene
supplies, showers, laundry facilities, and clinical services are highly sought after by homeless youths (Yuan, Gauci, & Liu, 2018). Such programs are needed before opportunity youth can start thinking about college, and even then, there are other challenges.

Opportunity youth who do not have the institutional knowledge to navigate the college application and financial aid systems may self-select and not even bother to apply to college in the first place. This feeling of learned helplessness can be rectified through services that help them search for appropriate colleges, identify areas of study (career counseling), fill out forms, and learn to use campus services for their own benefit (e.g. counseling, continued financial aid) (Gomez, Ryan, Norton, Jones, & Galán-Cisneros, 2015; Kirk & Day, 2011). As foster youth and juvenile justice systems typically do not have proper discharge planning and follow-through, programs that help prepare youth in terms of teaching institutional knowledge, building life skills, and increasing their academic foundation can be helpful (Olson et al., 2017; Sala-Roca, Villalba Biarnés, Jariot Garcia, & Arnau Sabates, 2012). Continuing that support as opportunity youth grow and transition into adulthood can have long lasting impacts related to academic success, college retention, and self-sufficiency. Direct services should be tailored to the unique and specific challenges and stressors of the opportunity youth as institutionalized services such as university programs may be ill-equipped to serve them (Belfield et al., 2012; Wolanin, 2005).

Financial assistance, particularly scholarships that reflect the full cost of attendance, can help opportunity youth overcome one of the biggest hurdles of a college education. Merit-based scholarships are not as helpful for opportunity youth as need-based scholarships (Wolanin, 2005). Upper-income youths tend to benefit from merit-based scholarships more as they are likely to have had a comprehensive high school education. As foster care and homeless youth are less likely to receive a robust high school education, they are less prepared for college academically and therefore, tend to lose out on merit-based scholarships (Wolanin, 2005).

The average cost of college has increased by 25-30% over the past decade in both private and public institutions (Hess, 2019). This trend is likely to continue, meaning that over time, disadvantaged youth will become further estranged from higher education without financial assistance and direct services.

Research has found however, that while financial assistance is helpful, it is not enough on its own. Even if opportunity youth receive financial aid, those who have not learned how to manage their finances usually use up the money instead of saving it, leading to daily hardships (Olson et al., 2017; Wolanin, 2005). Having to supplement their academic journey with part-time/low wage jobs while struggling academically often leads to low retention rates for foster youth in college (Day et al., 2012; Kirk & Day, 2011; Wolanin, 2005). Therefore, while financial assistance may get opportunity youth into college, it is not a guarantee that they will graduate successfully. Direct services that provide wraparound services and teach basic life skills aimed at self-sufficiency and independence are more impactful long term.
Positive Youth Development Approach

To develop programs for early childhood and opportunity youth populations, a Positive Youth Development (PYD) approach may be useful. “PYD transitions away from traditional approaches of responding to young people in a risk or problem frame and toward proactively building skills, fostering healthy relationships, and supporting youth to be active partners in development efforts” (Skinner, Plaut, Moss, Kapungu, & Reavley, 2017). PYD incorporates youth voices into program development, so that they can actively participate in the planning and delivery process (Youth.gov, 2020; YouthPower, 2020). PYD can target the unique challenges and needs of youth as a result.

PYD is an “intentional and prosocial approach that engages youth within their communities, schools, organizations, peer groups, and families” (Youth.gov, 2020). Figure 3 provides a higher level vision of the PYD framework to ensure productive youth engagement. For youth who are under-attached to their community, the PYD framework can be keep them from falling through the cracks of institutional services. In PYD, youth are considered resources essential to informing policy decision-making and program planning. Rather than seeing youth as simply being on the receiving end of services, PYD gives youth agency to be active in their own development.

PYD can be applied in various sectors from agriculture, governance, labor, to health. PYD programs are preventative in nature and include programs such as sex education, financial literacy, peer education and mentoring. PYD tends to favor direct services over financial assistance. A successful program that uses a holistic PYD approach is the Creating Futures program, which focused on helping out-of-school youth look for employment or start their own business without giving financial aid or loans (Skinner et al., 2017). Participant earnings increased on average by 260%, a significant increase that lead to other benefits such as decrease in interpersonal violence, suicide, and depression (Skinner et al., 2017)

Conclusion

We conclude that while financial assistance is important and can be helpful for both early childhood and opportunity youth populations, bundling it with direct services is more effective. Providing holistic wraparound services that include financial assistance as part of the service array can help lift families and youth out of poverty. Empowering and engaging youth with program and policy development through a PYD framework can help embed them into the community and successfully transition into adulthood.
References


