

# The roadmap to financial resilience is about the journey

by Maria Kim

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*Since 1991, Cara has helped men and women affected by poverty (and often the interrelated challenges of recovery, domestic violence, episodic homelessness and incarceration) to get and keep good jobs, and more importantly rebuild hope, self-esteem, and opportunity for themselves and their families in the process. Cara produces hundreds of jobs each year, at retention rates over 20 percentage points higher than national averages, and with over 80 percent of employed participants moving onto permanent housing in which their families can thrive.*

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**Twelve months is more than a year – particularly in Chicago.** Twelve months is winter – often with a relentlessly capital W, spring, summer, and fall. It's lazy summer days to school days to skyrocketing heating bills. It's the seasonality of work intertwined with the seasonality of life, not just in terms of changes in temperature, but in terms of expenses that ebb and flow over the course of time.

For all these reasons, discussions about capacity – whether employment or financial – must be in the context of an entire year, because we believe that timeline to be the best proxy for the practice it will take to get a job (or accumulate some assets) and sustain them over the long term. A look at the roadmap of that year for Cara would unveil the following core ingredients.

**A stage for co-active coaching:** Each student, once employed, will walk the next year with a dedicated coach, an individual they likely met in their second week of training. (And, since individuals are often with us for more than four months prior to employment, the average duration of a relationship is closer to a year and a half.) When they get on the job, students transition from an on-site training experience to real world employment. This adjustment is formalized by both parties signing a coaching agreement. Of particular note in this agreement is permission for us to challenge the student personally and professionally, request that he or she take action towards specified goals,

and be held accountable. It sets the tone for this important relationship that evolves over the next year.

A reliable cadence of at least ten one-on-one visits over the first 12 months on the job. These visits have a structure, but not a script. Each coach works to evaluate and assist in three key areas:

- Situational stability - ensuring housing is safe and secure, relationships and support systems are healthy, recovery plans are intact, finances are used as tools for investment in self and in the household, redundancies exist to develop reliable child care plans, etc.;
- Employment stability - assessing that relationships with boss and team are stable to good – both from the student's and, where available, the supervisor's perspective; and that constructive criticism is not only delivered and received, but clear plans are in place to correct, as appropriate); and
- Sense of next step - orienting the student towards the next milestone in employment, whether purely job retention or career advancement.

**A translation of workplace norms that might be or feel new:** For some of our students, the job they secure may be their first professional placement in some time. Workplace norms are ever-evolving, and we want to make sure that our

students are informed of their rights and responsibilities as a new employee of a firm. This includes everything from demystifying the employee handbook, progressive discipline policies, and paystubs.

**A safe platform to build, reach, and rebuild new incremental goals:** We celebrate incremental gains (or “next steps”) as fiercely as we celebrate big milestones. A student doesn’t technically “graduate” from Cara until they reach their first year on the job. We want our students’ perspective on goals to be expansive, but in the context of the small steps along the way so as not to be overwhelmed.

**A basic framework for a personalized profit and loss statement:** We help create a baseline budget, with every student before and after they get a job. We start before they get a job, because even though there is no employment income (yet), there are income sources (e.g., subsidy supports), and most certainly there are expenses. Additionally, regardless of their capacity to pay against them, we help our students to become fully aware of their overall debt and liabilities. Once gainful employment is secured, we help open savings accounts for first-time savers, and we rebuild budgets with the new inputs of their employment income, and use this as a guiding framework in future meetings to promote and support ongoing financial health. Through awareness of one’s own personal profit and loss, we take the first pivot from day-to-day survival to financial capacity.

**A “connecting of the dots” between every life or work goal and its financial counterpart:** In our panel discussion at the Federal Reserve Bank of Chicago, we pointed out that financial goals do not exist unto themselves; they are levers to pull in order to achieve a larger life or work goal. For example, if a student wants to buy a car, then we evaluate current (public) transportation costs versus costs for the car (including the premium one may pay if their credit history is not strong), plus gas, maintenance, insurance, and parking. As a result, the purchase is put into a greater perspective, and the individual can choose which option provides the greatest value for herself and the household. This “connecting of the dots” between a financial commitment and a life investment makes conversations about financial capacity more relevant; and when relevance increases so too does one’s capacity to achieve.

**An understanding that opportunity (and life) happens:** The frameworks we allude to above are clearly not a “one and done” model. On the one hand, as a household gains its

financial footing, it naturally aspires towards more “next steps” – a safer neighborhood, a new or better apartment, a vehicle, college tuition, advanced training, etc. Each of these steps contributes to expenses and places pressure on both the profit and loss side of the income statement. On the other hand, the unanticipated nature of life can also happen: a family member needs assistance, an elderly parent needs care, or a child has a newborn. As an individual becomes more resourced, those around her may rely on her differently to contribute. All of these incidents create variables in the financial portrait that illustrate that the pathway out of poverty is not a straight line. The iterative nature of this practice drives healthier financial habits and buoys long-term financial capacity and resilience.

It’s helpful to have a coach to navigate through crises and opportunities, to provide a neutral third-party perspective. Consistent coaching through vulnerability points (when one’s recovery or housing is at risk, when emergency or rental assistance may be needed, or when engagement in mental health services are strongly needed to heal from a past or present trauma) can leverage resources to support an individual before an incident evolves into an disaster.

By the end of the first year of employment, the intent is that each individual will move from transitional housing to permanent, piecing together the insights they’ve secured along the way (in budgeting, in sustaining employment, and preparing for advancement), and leveraging those new skills within substantive life and financial goals. The greatest joy we have at Cara is to see a mom or dad come back to our offices dangling a precious set of keys – the keys to their apartment, where their kids feel safe, can study and play, and where the family paints a future together, one step at a time.

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## Biography

**Maria Kim** is president and CEO of The Cara Program.

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