Recovery Capital and Money Management

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Many individuals with substance use disorders (SUDs) have difficulty managing their personal finances. Our research, conducted from 2017 to 2019, found that over 50% of individuals in SUD treatment do not have access to bank accounts despite almost all of them making regular monthly payments such as rent, child support, and court fees, and over three fourths reported that money management was an important part of their recovery (Jones-Sanpei & Nance, 2021). Creating opportunities for individuals in treatment to develop financial capability is essential to their recovery and reengagement in the mainstream economy.

The Problem

In our research, we have learned that many clients enter treatment with no job, little money, no bank account, poor credit, and little awareness of how to manage their personal finances (Jones-Sanpei & Nance, 2021). In order to address the issue of money management, treatment providers first need to better understand the money management challenges faced by individuals with SUDs and the solutions they are accessing. While there is research on money management for the general population, there is very little research on how individuals with SUDs manage their finances.

Through our research, we found that many clients learn to function in what we came to call the "grey economy." We were initially expecting clients would be using check-cashing stores and pay-day lenders due to policy discussions and proposed legislation to limit the use and reach of that industry (Bennett, 2019), but we learned that only 7% of our clients used these services, although that increased to 17% among clients without a checking account (Jones-Sanpei & Nance, 2021). Rather, the majority of unbanked clients (70%) were either cashing checks at banks or credit unions, or using pre-paid debit cards that they would purchase from local grocery stores (Jones-Sanpei & Nance, 2021). Clients were more than willing to share information on how to function financially in this grey economy with staff and other clients.

Individuals struggling with SUDs often have a complex relationship with money. As reported earlier, the majority of clients agree that learning to manage their finances is an important part of their recovery (Jones-Sanpei & Nance, 2021). However, easy access to cash may to contribute to the risk of relapse for this unique population. For example, one community mental health client received a large Social Security retroactive payment, overdosed on prescription medication, and then died within days of receiving the payment. Research on this "check effect" among clients with qualifying disabilities and representative payees (Rosen, 2012) suggests that clients with SUDs may be more likely to relapse if they have access to large amounts of money received once a month like SSI/SSD and VA Disability payments. However, these studies also suggest that when there is a group of clients, the check effect was much lower, specifically within general substance use disorder treatment settings (Dallery & Raiff, 2012; Rosen, 2012).

An important part of learning to manage personal finances is the opportunity to practice money management skills in traditional financial institutions. Previous studies suggest access to insured financial institutions can improve a household's ability to build assets, protect them from theft and predatory lending practices, and provide financial safety nets in order to make the household less vulnerable to financial shocks

Figure 1. Continuum of Money Management

(Caplan, Sherraden, & Bae, 2018; Rhine & Greene, 2013). For clients with SUDs who are currently operating in a grey economy, access to insured financial institutions is part of a long-term path to recovery and engagement in the mainstream consumer credit economy (Figure 1).

Factors Influencing the Problem and Potential Interventions

After learning of the need for money management support among our clients, we used an implementation science approach (Cabassa, 2016; Palinkas et al., 2017) employing both quantitative and qualitative methods to learn more about clients' current financial functioning, money management skills, treatment staff concerns, and potential interventions (Jones-Sanpei, Humphries, & Nance, n.d.). For example, after conducting a quantitative needs assessment, we shared the findings with case managers and other staff, collecting qualitative data to interpret the findings from the needs assessment. We then worked with case managers and staff to explore intervention alternatives focused on developing clients' financial capability and recovery capital (Jones-Sanpei, Humphries, & Nance, n.d.).

To manage personal finances, clients need both financial literacy skills and knowledge, as well as practice using that knowledge in their unique situations. During the process of working with case managers, clients, and treatment staff to develop interventions building clients' financial recovery capital, we learned several specific lessons that we hope will be helpful for other practitioners who are moving into this space (Jones-Sanpei, Humphries, & Nance, n.d.):

- **Trust matters.** Clients were suspicious when we asked about their finances during intake, although asking several months into treatment was well accepted.
- **Language matters.** Staff reported that clients were more receptive to talking about "managing their money" than conversations about "financial literacy" or "financial capability."
- **Staff participation matters.** Staff involvement in research design and intervention development was essential to the success of the project.
- **Community partners matter.** The specialized knowledge and resources available through local banks and credit unions can be useful resources for clients.

Financial capability: the state of knowing how to become financially responsible along with the ability to do so (Sherraden, Margaret, 2013)

Recovery capital: personal resources necessary for individuals with SUDs to limit their substance use and meet their responsibilities at work, school, and home (Cloud & Granfield, 2001)

Goals and Outcomes

Restoring and developing recovery capital is a primary goal of treatment programs for SUDs (Hennessy, 2017). The skills needed to manage finances, such as financial literacy and budgeting, are part of the human capital domain of recovery capital, and access to money and traditional financial services such as bank accounts are part of the physical/financial domain (Cloud & Granfield, 2001). As with other aspects of recovery capital, individual financial capability goals should be located on a continuum of skills depending on the client's needs.

Potential Interventions

1) Building Trust

Clients are often suspicious when faced with questions about their financial functioning, especially in publicly-funded treatment centers where clients may be expected to contribute to the costs of their treatment. However, once they develop a level of trust with the staff and recognize the goal of improving their money management skills, clients were much more willing to participate in data collection and conversations with staff about their finances.

2) Stabilizing Financial Functioning

As many clients did not have a current bank account, the initial approach was to explore ways clients could make financial transactions without traditional banking services. Based on the previously reported needs assessment and implementation science research, the first step was to stabilize clients' current financial functioning. Since the majority of clients were responsible for multiple monthly payments, the first step in developing financial recovery capital was to assist individuals in recovery to stabilize their current financial functioning—often in a cash economy—prior to credit recovery and accessing traditional financial services (Figure 1).

Pre-paid bank cards and check-cashing services are a rapidly changing branch of the financial industry; expecting treatment staff to maintain an up-to-date list of local providers was unrealistic. Clients themselves proved to be a better source of information with respect to non-traditional financial transactions than the treatment program staff, despite the increased focus in social work education on family financial well-being (Sherraden, Margaret, Birkenmaier, McClendon, & Rochelle, 2017). Many of the clients had learned where the best check cashing services existed and where the best pre-paid cards could be purchased, demonstrating their adaptive coping skills.

Facilitating group skills and education is one of the core functions of treatment program staff according to SAMHSA TAP 21: Addiction Counseling Competencies 2[1], 83[2], and 107[3] (Center for Substance Abuse Treatment, 2006). Stabilizing financial functioning in a grey economy is an area where clients can share their specialized knowledge with each other. One strategy to achieve this objective is to have the clients themselves present this information to their peers in skills groups. Regardless of who presents the information, the goal is the same: assist individuals in recovery to stabilize their current financial functioning and then develop additional financial capability. For many clients with SUDs, that stable financial functioning was at least initially cash-based, and for some, it continued to be cash-based after leaving treatment.

3) Developing Financial Capability

Once clients have stabilized their financial functioning, the next step is to assist them in developing financial capability through credit recovery, if necessary, and access to traditional financial services (Figure 1). The process of becoming financially capable usually begins with economic socialization, or personal observations on how others manage their day-to-day finances (Sherraden, Margaret, 2013). This step is developing both the "ability to act (knowledge, skills, confidence, and motivation) and [the] opportunity to act (access to quality financial products, services, and policies)" (Caplan et al., 2018, p. 147).

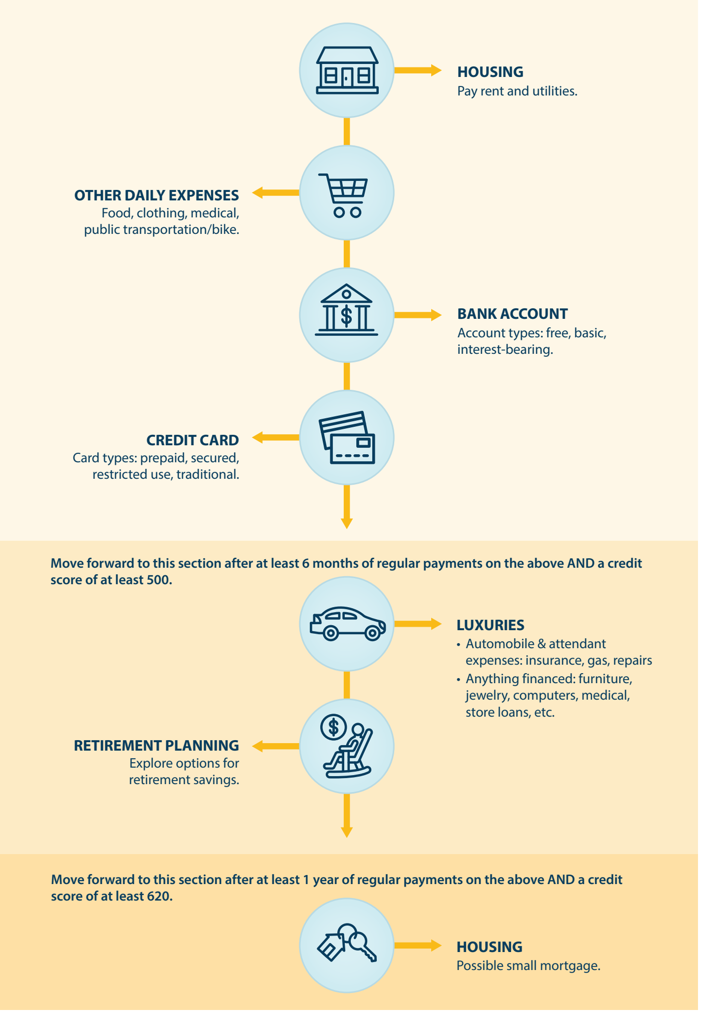
In addition to financial literacy and personal money management skills, clients need access to the tools necessary to make informed financial choices, as well as structure, support, and guidance as they develop their financial capability. The use of banking services requires accessibility and quality financial products. Banking services and access to them are rarely available for low-income, unbanked Americans (Sherraden, Margaret, 2013); even less so when the individual begins recovery from an SUD. However, financial institutions are increasingly providing specialized financial instruments to assist in developing credit (True Link, 2018).

Potential resources available to practitioners who work with individuals and families with low-income are provided through the Consumer Financial Protection Bureau (CFPB). The CFPB was created in 2011 and provides U.S. consumers with financial education and empowerment programs. Much of their educational resources are targeted to social workers and other advocates who work with underserved populations. One useful resource is "Your Money, Your Goals," a "set of financial empowerment materials for organizations that help people meet their financial goals by increasing their knowledge, skills, and resources" (Bureau of Consumer Financial Protection, 2019).[4]

4) Community Partners

One possible approach to developing clients' money management skills is to partner with local banks and credit unions to provide financial literacy classes. While treatment providers can provide instruction on basic financial skills such as budgeting, financial literacy instructors have specialized knowledge of free online tools and financial counseling services. Also, the instructors are more aware of specific credit recovery strategies than program staff. Many local banks provide such training as a free community service under the Community Reinvestment Act of 1977 (CRA) (1977), which requires banks to give back to their communities. As part of regular regulatory review, local banks must demonstrate that they are working to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods. Qualifying community services that can benefit low- and

Figure 2. Path to Financial Recovery



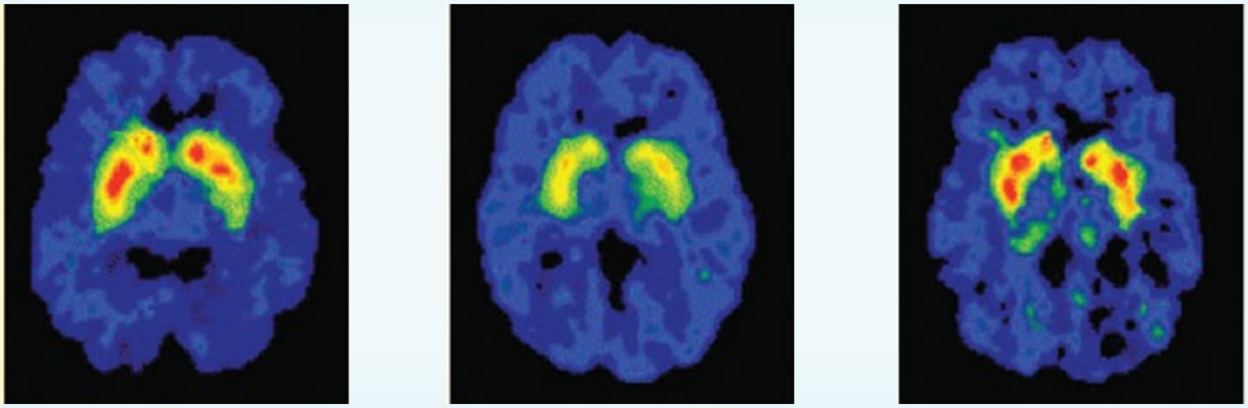
[1]Addiction Counseling Competency 2: Recognize the social, political, economic and cultural context within which addiction and substance [use disorders] exist, including risk and resiliency factors that characterize individuals and groups and their living environments.

[2]Addiction Counseling Competency 83: Facilitate the development of basic and life skills associated with recovery.

[3]Addiction Counseling Competency 107: Teach life skills, including but not limited to stress management, relaxation, communication, assertiveness, and refusal skills.

[4]These resources can be accessed at https://www.consumerfinance.gov/consumer-tools/educator-tools/your-money-your-goals/.

Figure 3. The Brain in Recovery (National Institute on Drug Abuse, 2021)



moderate-income individuals and communities may include providing financial education to the community.

In order to explore community and client interest, we partnered with a local bank offering financial management classes for community groups. Bank employees taught a two-hour evening class weekly for four consecutive weeks and a select group of 12 clients with SUDs at the general outpatient (GOP) treatment level were invited to participate. The four classes covered strategies for saving money, budgeting, credit, and mortgages using a standard process of establishing and building credit by prioritizing different expenses and monitoring personal credit scores (Figure 2). Feedback from the clients with SUDs who participated was overwhelmingly positive. On a scale of one (low) to five (high), participants on average reported that the information was useful (4.4) and that they would recommend the workshop to others (4.5). After attending one of the meetings, at least one participant brought their partner to subsequent meetings. Participant feedback on specific topics noted a particular interest in information on credit recovery.

Much of the financial recovery literature emphasizes the role of hope in financial recovery and practicing the financial self-discipline necessary to rebuild credit over the course of several years. When the financial literacy classes concluded with a presentation on home ownership, clients reported that it gave them a vision of where they could be in a few years and a pathway to achieve that goal (Figure 2). The timing of each of these increasingly complex topics should be considered carefully in light of individual clients and where they are in the treatment process, as well as in stabilizing their current financial functioning and their need for additional financial education. While these financial literacy classes do not specifically address the unique needs of individuals with SUDs, the hope is that more deliberate discussion of financial competency and credit will facilitate their access to recovery through developing the financial aspects of their recovery capital.

Timing of Interventions

The neurological realities of recovery from substance use disorders coupled with the clients' perception of treatment providers' collaboration with the child welfare and legal systems present significant barriers to timing money management needs assessments and interventions. We found early assessment of financial recovery capital to be unreliable and insufficient. Clients mandated to treatment shared their suspicions and mistrust of the motives for asking income-based questions at the time of admission (Jones-Sanpei, Humphries, & Nance). The temporally dynamic nature of post-acute withdrawal syndrome coupled with the significant cognitive impairment evident early in treatment suggests that educational and skills interventions should occur later in treatment to be effective and internalized (Hazelden Betty Ford Foundation, 2019). For example, Figure 3 shows brain MRIs of individuals in recovery that illustrate increased brain functioning after longer periods of abstinence, suggesting that cognitive impairment early in treatment may be incompatible with developing and sustaining money management skills (NIDA, 2021).

In the absence of assessment instruments and the prohibitive costs of human functional brain imaging, the timing of assessment and intervention is still more of an art than a science. We recommend the following guidelines for timing of assessment and intervention to maximize the chances for success:

- **Conduct a Client Money Management Needs Assessment:** Once a trusting therapeutic relationship with a case manager is established, this assessment should be conducted.
- **Engage in Money Management Treatment Planning:** Immediately following needs assessment including current and previous income, source of income, and current and future financial obligations (rent, child support, court fees, fines, restitution), begin the planning.
- **Stabilize Financial Function:** One month after admission to treatment, or at the beginning of the GOP level of care if transferred from residential treatment or IOP, discuss stabilizing financial function.
- **Facilitate Group Skills and Education:** During GOP, introduce the issue of financial functioning and mobilize the knowledge of the group members about the local grey market.
- **Develop Financial Capability:** During the last month of GOP and prior to discharge or transfer to continuing care, engage community partners to deliver money management classes.

Conclusion

Individuals in recovery often have a complex relationship with money. Developing financial capability—the ability to manage their finances and the necessary access to financial services—is essential to reengagement in the mainstream economy, participation in communities, and meeting responsibilities at home, school, and work. While this research is preliminary and additional research is needed, it highlights the need for practitioners to include the essential aspect of financial capability in their efforts to assist individuals in recovery. Client trust, appropriate language, and staff participation contribute significantly to financial capability building interventions, which should begin with stabilizing current financial functioning and then developing additional financial capability through financial literacy training and access to traditional financial services.

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