

PrepTalks Discussion Guides are companion documents to PrepTalk video presentations and question-and-answer (Q&A) sessions. When used together with the videos, these guides help translate the research and expertise showcased in each presentation into action steps to improve disaster preparedness.

John Hope Bryant: Financial Literacy and Overcoming Liquid Asset Poverty

In his PrepTalk, Bryant makes an impassioned case for emergency managers to include financial literacy as a priority in their communities. He also asks emergency managers to consider how disaster recovery dollars could improve the financial resilience of community members that live in poverty. Bryant's recent focus is on working with banks and other community organizations to help individuals dramatically improve their credit score. Banks and other financial services companies use credit scores to decide whether to offer loans or credit cards – and the interest rate to charge. FICO credit scores range from 300 to 800. Bryant's goal is to help people with low credit scores raise them to 650 and higher, thus making them more financially secure and helping them qualify for credit.

[Some neighborhoods] were in a crisis before your disaster ever hit. Their problem is a number. It's a 500 credit score neighborhood. Not a racial issue, not a political issue, not urban vs rural; it's 500 credit scores.

John Hope Bryant

Bryant is founder, chairman, and chief executive officer of Operation HOPE, Inc., the nonprofit provider of financial dignity education and economic empowerment programs. He is the author of the bestselling books, "The Memo: Five Rules for Your Economic Liberation" and "How the Poor can Save Capitalism: Rebuilding the Path to the Middle Class."

Partners for the Discussion

Bryant encourages emergency managers to work with traditional and non-traditional stakeholders and community leaders. His organization works to provide financial literacy training for each individual's aspirational goals, including financial well-being, home ownership, and entrepreneurship. For example, he partners with banks to include financial literacy training within their bank branches – resulting in the increased credit-worthiness of individuals and entire communities. This also makes more residents potential bank customers and is a win-win for the community.

With so many responsibilities, why is financial literacy relevant for emergency managers? And how can emergency managers influence greater levels of financial literacy in your community? By promoting financial literacy, insurance, and emergency savings as part of personal and household emergency preparedness, Bryant says, you strengthen the resilience of your residents and your community.



Watch Bryant’s PrepTalk and Q&A session. Use this discussion guide and the other additional resources to discuss innovative ways to help the underserved and under-banked in your community become more financially secure.

Discussion Prompts

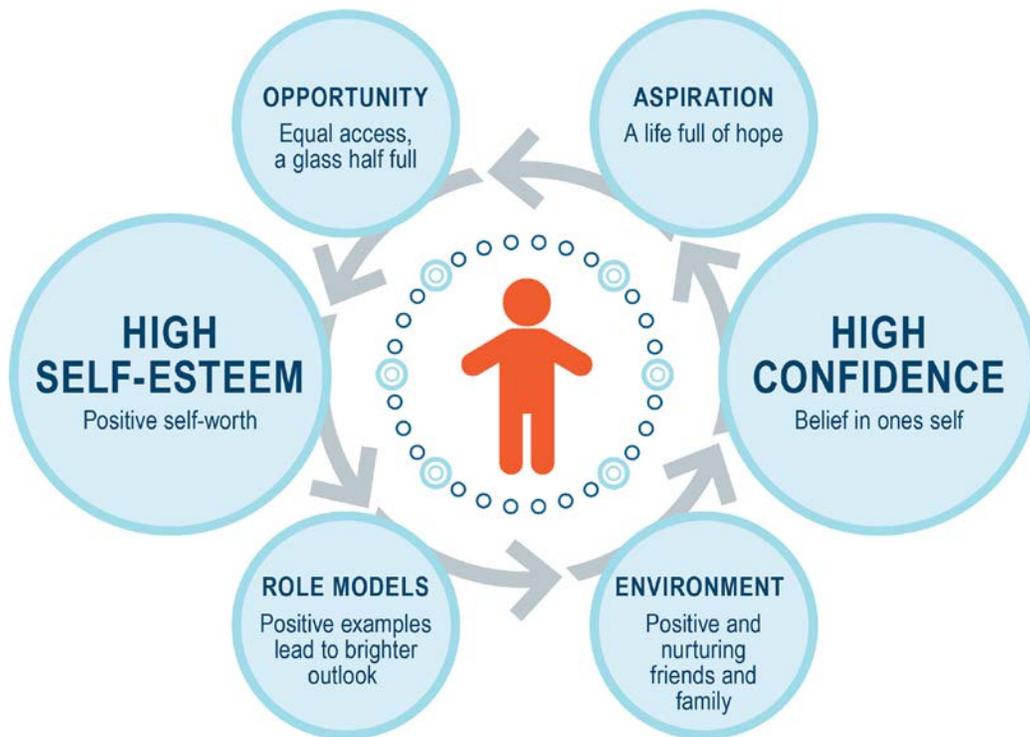
Topic 1: The Path to Financially Resilient Individuals

Bryant explains how the Hope Doctrine on Poverty looks at factors that can trap individuals in poverty, including internal and environmental factors: self-esteem, role models, friends and family, confidence, aspiration, and opportunity. When these interrelated factors are linked in a negative or downward cycle, it becomes more challenging to break the path to poverty. He believes poverty is based on low self-esteem and low confidence – using the analogy of how hard it would be to drive a car or raise children without confidence.

It’s not that poor and struggling families got the memo on money and screwed it up. They never got the memo.
John Hope Bryant

Bryant then presents the countervailing philosophy, the Hope Doctrine on Wealth, which shows how focused interventions on these same factors can lead to a path of financial dignity. Bryant’s goal is to integrate financial literacy with peoples’ aspirations, including financial well-being, home ownership, and entrepreneurship.

HOPE DOCTRINE ON WEALTH



- Relative to the influence of role models, Bryant notes, “it’s common sense that you model what you see.” Looking at your community, who are the positive role models for different demographic populations who can demonstrate viable paths to financial stability? How can you help make these role models more visible in the community? More accessible?
- The environment factor relates to positive and nurturing friends, families and broader social connections. Consider the environment for the lower income individuals in your community. How can you work with stakeholders to create supportive environments where individuals can build the needed confidence to improve their financial standing?

Liquid Asset Poverty Rates

43% of American households—equivalent to 127.5 million people—are “liquid asset poor.” These families do not have even a minimal financial cushion to protect them in the event of a job loss, medical emergency, or other financial crisis. The rate is significantly higher for households of color at 65%. 56% of all consumers have a subprime credit score, a FICO credit score below 640.

Source: [Assets & Opportunity Scorecard, Prosperitynow.org](https://www.prosperitynow.org)

- Aspiration and Opportunity are the factors at the top of the circle. Think about how you and your partners can make your community better aware of the economic opportunities that are open to them. Some of these may be job-training, educational, or internship opportunities. Others may be support from the federal government such as making sure that those who are eligible receive the Earned Income Tax Credit, especially around tax time, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit>.
- How can you work with your emergency preparedness community partners to increase awareness about how credit scores are calculated and why they are such an important part of everyone’s financial profile?
- Communicate that checking your own credit report or scores won’t hurt your credit score (when individuals request their credit report it is processed differently than when a lender checks your credit). Use this checklist from the Consumer Financial Protection Bureau to help people take this first step, www.consumerfinance.gov/f/documents/201701_cfpb_Credit-report-review-checklist.pdf.

Credit scores are non-emotional, highly measurable, [and serve a] transformational function.

John Hope Bryant

Topic 2: Safeguarding Critical Documents

Focus groups with disaster survivors found that one of the top five things survivors wish they had done before the disaster was to collect and safeguard their household documents, from financial and legal documentation, to knowing their insurance coverage, and having medical paperwork. Having personal documentation and household contacts is crucial to be able to start the recovery process, from applying for assistance from the Federal Emergency Management Agency (FEMA) or from the Small Business Administration, to submitting an insurance claim. Regardless of your income or savings, everyone should collect and safeguard their household information.

Operation Hope and FEMA have worked together since 2004 to help individuals and families strengthen their financial preparedness for emergencies by promoting the Emergency Financial First Aid Kit (EFFAK). The EFFAK provides guidance for individuals and households to organize and secure important documents. The EFFAK also encourages household to have a rainy day fund with information on saving and investing, www.mymoney.gov/save-invest. The EFFAK can be ordered from the FEMA Publication Warehouse (1-800-480-2520, FEMA P-1075), downloaded from the website (www.ready.gov/financial-preparedness), or completed on-line and saved.

It's not just about poor people. There are million dollar properties that can't be rebuilt after the recent wildfires. [They thought], "my home is paid off - I don't need insurance." In Houston, 10% of the homes devastated by the flooding had flood insurance.

John Hope Bryant

- What community groups can you work with to encourage their network to use the EFFAK to compile and safeguard their critical household information? Are there volunteers in your community who can give EFFAK presentations to community groups? Perhaps Legal Aid Services, or banks and credit unions in your community would help you conduct outreach.
- Emergency managers and emergency responders can also be personally affected when disasters hit the community; how can leadership encourage financial preparedness among staff and volunteers?
- How can we encourage more individuals to review and understand their insurance policies? And have adequate levels of insurance – including business interruption, homeowners, and renters insurance.
- How can you encourage individuals with the resources to set aside emergency savings to help them through an emergency? And because many people simply do not have the resources for emergency savings, how can your community build social capital to provide that form of “informal insurance”? (Watch Dr. Daniel Aldrich’s PrepTalk “Building Social Capital in Disaster Mitigation and Recovery.”)

Topic 3: Leveraging Disaster Resources for Economic Prosperity

Disasters bring an influx of resources to a community, whether through a presidentially declared disaster or a smaller-scale event. Bryant encourages emergency managers to plan now for effective ways to use the different funding streams and other resources that may become available to support your community's recovery after a disaster.

- How can you create a strategy or a framework that could ensure those disaster recovery dollars also serve to increase individual's economic resilience?
- Given that many federal programs are difficult for disaster survivors to understand (for example the Small Business Administration making personal loans), how can you help ensure your residents are able to take advantage of what is available?
- Plan for outreach to the unbanked and underbanked residents in your community. Those who are not in the financial system often have greater challenges accessing recovery funding. County-level data is available at <http://scorecard.prosperitynow.org/>
- FEMA's "Pre-Disaster Recovery Planning Guide for Local Governments" can help you plan now for the decisions you will face in recovery and encourages communities to be inclusive in the planning process to be ready to help all members of the community recover, <https://www.fema.gov/media-library-data/1487096102974-e33c774e3170bebd5846ab8dc9b61504/PreDisasterRecoveryPlanningGuideforLocalGovernmentsFinal50820170203.pdf>

[Emergency Managers] are the new economic development czar[s]. You get a pop of unscheduled economic vitality after every disaster. But if all you are is an unscheduled water hose of money and all you have is ready, fire, aim – you can do nothing about changing [the economic crisis].

John Hope Bryant

Recommended Next Steps

- Brainstorm innovative ways to showcase role models and establish environments that will support financial literacy and improved credit scores in your community.
- Conduct an outreach campaign to encourage individuals to compile and safeguard critical documents and review their insurance policies.
- Revise recovery plans to incorporate ways to build individual and community financial resilience.

The number one reason communities don't recover: economics and poverty. What would happen if your emergency disaster recovery dollars had a dual purpose?

John Hope Bryant

Additional Resources

- Operation Hope: www.operationhope.org
- Emergency Financial First Aid Kit: www.ready.gov/financial-preparedness
- Be Smart. Take Part. Protect Your critical Documents and Valuables: https://www.fema.gov/media-library-data/1395861094548-8b4300b082ced42be701c089ce1640b3/Americas_PrepAthon_Safeguarding_Valuables_508.pdf
- Information on how to start saving: <https://www.mymoney.gov/save-invest/Pages/saveandinvest.aspx>
- Consumer Financial Protection Bureau Resources
 - Prepare Your Finances for Emergencies: <https://www.consumerfinance.gov/about-us/blog/prepare-your-finances-for-emergencies/>
 - My credit reporting rule to live by: https://www.consumerfinance.gov/documents/5150/cfpb_worksheet_my-credit-reporting-rule-to-live-by.pdf
 - Credit reports and scores: <https://www.consumerfinance.gov/ask-cfpb/category-credit-reporting/>
 - Credit Report Review Checklist: www.consumerfinance.gov/f/documents/201701_cfpb_Credit-report-review-checklist.pdf.
 - Your Disaster Checklist: https://www.consumerfinance.gov/documents/5430/cfpb_adult-fin-edyour-disaster-checklist.pdf
 - Protecting and Rebuilding Your Finances After a Disaster: <https://www.consumerfinance.gov/about-us/blog/protecting-and-rebuilding-your-finances-after-a-disaster/>
 - Be Your Family's Action Hero During an Emergency: <https://www.consumerfinance.gov/about-us/blog/be-your-familys-financial-action-hero-during-emergency/>
- Internal Revenue Service: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit>
- Prosperity Now Scorecards: <http://scorecard.prosperitynow.org/>