

FAMILY FINANCES

Our Financial Systems Are Crippling Returning Citizens

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Over time, many inmates incur large debts due to fines, court and public defender fees, and the like. Added to this burden are previous debt obligations, incurred prior to incarceration. Making timely payments can be challenging (or virtually impossible) due to a lack of income and shortage of family members or friends who are willing and able to keep the debt current. Consequently, most of these debts accumulate late payment fees and eventually end up in default and sent to collections. Upon release, many financial institutions will not lend to returning citizens or those who are justice-exposed because of their poor credit history and resulting low credit score.

Further complicating the situation is the fact that many inmates become victims of identity theft. Credit cards and cell phone accounts may be stolen and used fraudulently, or new accounts may be opened in their names. Once released, returning citizens then have identity theft issues to deal with. In cases where the perpetrator is known, a police report is often required to address the problem. However, many returning citizens are reluctant to report someone whom they know.

The ability to access credit is vital since many returning citizens are unable to find jobs due to hiring policies designed to screen them out. Many are drawn to entrepreneurship which is not dependent upon being hired by others. However, starting a small

business requires capital. If returning citizens are unable to qualify for start-up loans, then this avenue is also blocked.

An exorbitant number of Americans are potentially affected by this reality, including between 70 to 100 million Americans who have a criminal record, over 650,000 offenders who are released every year, and a disproportionate number of minorities who are in prison. The route back into the financial mainstream for this population requires special consideration.

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In recognition of these challenges and in an effort to support reentry strategies, Credit Builder Alliance (CBA) released [*Achieving Credit Strength: A Toolkit for Supporting Returning Citizen Entrepreneurs*](#) earlier this year. This toolkit provides a primer on the importance of credit building as a means to establish businesses as financial assets and contribute to the future transfer of intergenerational wealth. The toolkit also contains a comprehensive and dynamic set of tools and resources to help practitioners work one-on-one with their clients to build credit in pursuit of their entrepreneurial goals.

Our Returning Citizen Convenings

In an effort to disseminate the learnings from the toolkit more broadly, CBA is organizing three Returning Citizen Convenings during the third quarter of 2018. The purpose of the convenings is two-fold: CBA will train participants on the toolkit and work with partners in the host cities of Charlottesville, VA, Chicago, IL, and Cleveland, OH to frame the conversation around strategies, products, and opportunities tested and tried locally. We hope that they will allow groups to explore credit building and entrepreneurship as strategies that are crucial to reintegration and

recidivism-prevention efforts and shed light on efforts across the country.

The convenings are open to the public, including CBA members, non-profits and community-based organizations, municipal leaders, funders, and other stakeholders including returning citizens who support pre- and post-release efforts. While the preparations are still forthcoming, CBA is seeking proposals from organizations with a demonstrated commitment to serving formerly incarcerated and other justice-exposed individuals to present, facilitate, and/or moderate various sessions. If you have interest in any of these opportunities, please contact maria@creditbuildersalliance.org. CBA will be announcing scholarships for travel and other related fees as well. For more information or to subscribe for updates visit <http://cbatraininginstitute.org/credit-builders-toolkit/returning-citizens/>.

About CBA's Reentry Opportunity Loan Toolkit

In conjunction with the release of the returning citizen toolkit, CBA also announced its [Products-in-a-Box program](#), which supports nonprofits in choosing and offering small-dollar consumer loans and other credit-building products that meet the needs of specific populations in their community. Of particular interest to those serving justice-exposed populations is CBA's Reentry Opportunity Loan Toolkit. This is just one of four toolkits created, with additional resources anticipated. For more information on this program visit <http://cbatraininginstitute.org/products-in-box-initiative/>.

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