

Study finds foster youth lack critical financial skills

March 24 2021



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Most people rely on family members to help them learn how to open a bank account, find a job or create a budget, but that's often not an option for youth in foster care, according to a recent study in *Child & Family*

Social Work.

"Foster kids have distinctive challenges," said Amy Salazar, lead author on the study and an assistant professor at Washington State University Vancouver. "They need more support in several areas, and financial capability is one of them, especially when they're transitioning out of the foster care system and into adulthood."

For the study, Salazar and her co-authors surveyed 97 foster care youths aged 14 to 20. They found that those who were age 18 and over had more advanced financial capability than younger kids, but still had not achieved key skills such as opening a checking account, building up savings or establishing a credit history. The paper recommends enhancements to the foster care system, such as financial literacy courses and more financial training for case workers, to fully prepare youth for independence.

Adult support and mentorship are key factors for financial capability in foster children, but for most of the study participants, that support came from their case workers or an independent living worker.

"That's concerning because those are people who will disappear when these youths age out of foster care," said Salazar, who is part of WSU's Department of Human Development. "Some respondents said foster parents were helpful, but not all youth have good relationships with their foster parents. They need more support."

Another reason these [young people](#) need more support is that they are at a much higher risk of identity fraud given the number of people who have access to their confidential records during their time in the child welfare system.

Offering foster care youth training in how to read credit reports and

access their own credit reports are potential solutions to this issue.

The [foster care](#) system has been evolving over the last two decades or so to include additional services for those who traditionally would have aged out at 18. Teens can now enroll in independent living programs and make use of other supports that extend as far as age 21, for example.

In the past, and as is still the case in some states, as soon as someone in the foster system turns 18, even if they're in the middle of high school, they're cut from the foster system and completely on their own.

"We know the brain is still developing at 18," Salazar said. "For [foster kids](#) who may have experienced trauma, that may take even longer. Continuing services in areas like financial capability just makes sense beyond that arbitrary cutoff."

This new study is vital because very little data has been collected about supporting foster youth with financial literacy skills.

"We had no idea how these [youth](#) are doing," Salazar said. "We need to know if they're doing well or if there's a lot of work needed. Using our findings, hopefully more targeted support can come about as well as showing stakeholders the benefits of filling the knowledge gaps."

More information: Amy M. Salazar et al, Building financial capability in youth transitioning from foster care to adulthood, *Child & Family Social Work* (2021). [DOI: 10.1111/cfs.12827](https://doi.org/10.1111/cfs.12827)

Provided by Washington State University

Citation: Study finds foster youth lack critical financial skills (2021, March 24) retrieved 25

April 2024 from <https://phys.org/news/2021-03-foster-youth-lack-critical-financial.html>

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