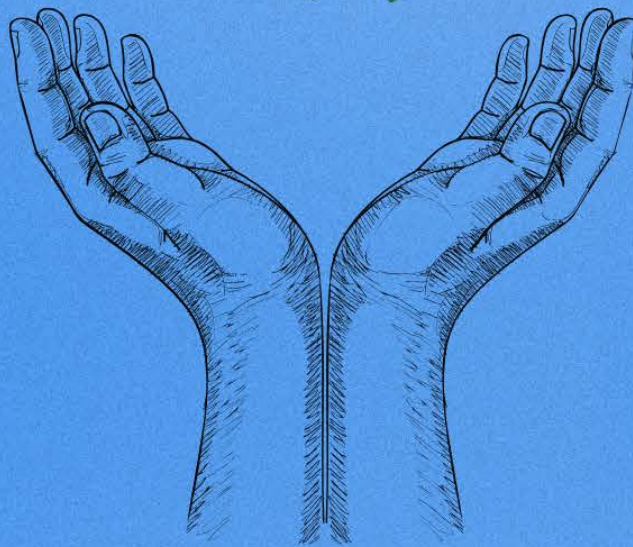




Yale University  
School of Medicine

# Recovery Finance Study



**COMMUNITY REPORT ISSUE #1**



# THE PROBLEM:

People who are incarcerated often face enormous financial challenges when they leave prison, such as debt, damaged credit, and inability to access banking services. People who are structurally marginalized due to racism and mental health stigma are even more likely than others to have these financial problems, which layer onto post-release challenges related to relationships, employment, housing, health care and more, creating ever-higher barriers to successful reentry.

# THE SOLUTION: RECOVERY FINANCE

The Recovery Finance study is conducting research that aims to address the financial well being of justice involved people with mental health challenges. We work with community partners across the New Haven region, including the City of New Haven, Winning Ways and the CT Association for Human Services, to implement and test an intervention targeting community level determinants of financial well-being for this population. We offer one-on-one coaching and access to financial tools and services, as well as peer support. We train people who provide services to this population as well as bank and credit union staff to understand their needs and reduce discrimination. We also support collaborative community efforts working towards upstream policy and legal reforms to reduce the incidence of financial challenges.



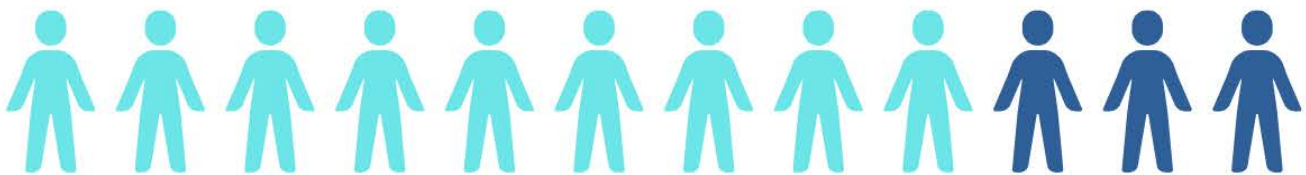
# THE FACTS:

## 1) Incarceration Creates Financial Difficulties

- People who have been incarcerated have **high rates of debt**, as pre-existing debt accumulates while a person is incarcerated and new debts may be added as the person cannot earn income.
- Credit scores of incarcerated individuals drop **42-57 points**. Lower scores = **higher interest rates**.
- People who have been incarcerated are **less likely to have bank accounts**.



## 2) Black and Latinx People Are Disproportionately Affected.



White people are **three times more likely** than Black/Latine people to have a job post-incarceration, and their earnings are nearly double

Black and Latine people have historically been negatively affected by structural racism. Black and Latine people tend to have lower incomes, far less wealth, lower credit scores, worse debt, and more, **perpetuating a cycle of poverty.**

# Having Financial Difficulties Can Impact...



Health



Employment



Housing



Social Networks



Sense of Belonging

## But How?





## HEALTH

Stress from ongoing debt and low credit scores can contribute to negative health outcomes like depression, psychosis, suicide and more.

## EMPLOYMENT

Discrimination, debt and credit problems may play a role in high unemployment rates among those who have been incarcerated.

Background credit checks and wage garnishing can impact people's ability to purchase needed resources like a car.



## HOUSING

People who have been incarcerated are almost **ten times** more likely to be homeless or housing insecure; landlords often deny housing to people with poor credit.

## SOCIAL NETWORKS

People who are in debt rely on family members and others in their community to help with finances, placing a financial burden on those social networks as well, including increasing their debt.

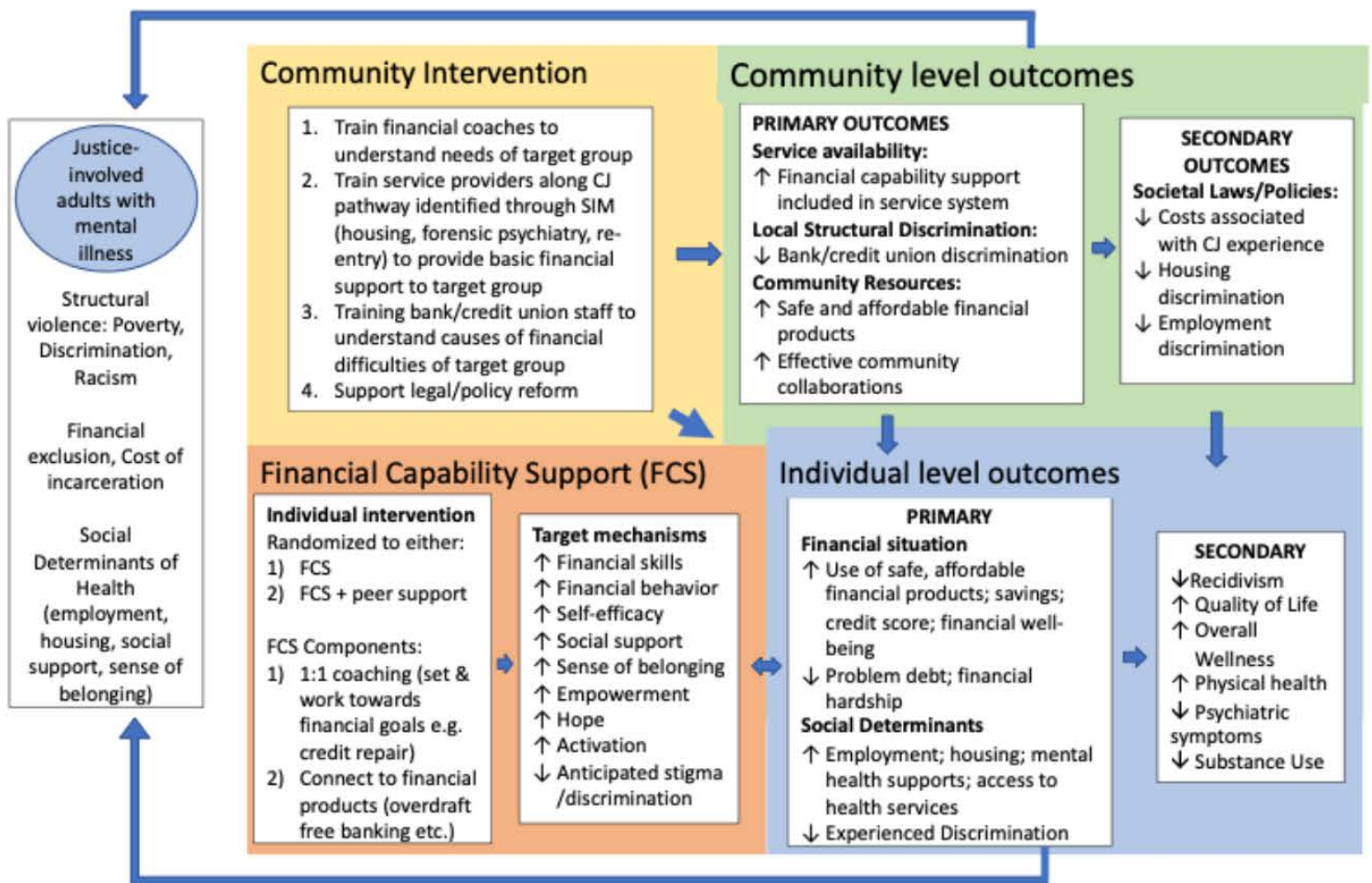


## SENSE OF BELONGING

Problem debt is associated with shame and feelings of failure. Credit has become a marker of social belonging and self-worth. Recently incarcerated people see having a bank account as a sign of belonging.



# THE RESEARCH APPROACH:



## Target areas of the research:

- **Improved individual finances and well-being through one-on-one financial capability support (FCS) and peer guidance**
- **More effective community level reentry support and more inclusive, less discriminatory banking services**



# Community Intervention



Train **financial coaches**, **bank/credit union staff**, and **reentry service providers** to understand the finance-related needs of those who've been incarcerated and are struggling to integrate back into society.

Support **Community collaborations** working towards needed legal and policy reforms

## Individual Financial Capability Support (FCS)

**One on one coaching** - a personalized coach to help work towards financial goals

**Safe, affordable financial services** - access to high quality financial products that promote financial freedom



## Community Level Outcomes

- Integration of **FCS into reentry service system**
- **Reduced discrimination** by banks/credit unions
- **Better financial products** that meet the needs of the target population
- **Legal/policy reform** to reduce costs of incarceration, and housing/employment discrimination



## Individual Level Outcomes

- Improved **access to financial services** and **financial well-being**
- **Less problem debt** and financial hardship
- Better **housing, employment, health and well-being**
- **Reduced recidivism**

# CONCLUSION



With this research project, we hope to go beyond usual interventions to support the finances of this group in testing the effect of not only financial coaching, but also connection to financial products that meet their specific needs. This project will serve to tackle financial issues early on so that individuals who have been incarcerated and have mental health challenges can have financial freedom once they're released. We hope all of these steps will promote community re-integration and health of individuals returning to the community after incarceration, hospitalization, or institutionalization.

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## GET INVOLVED:

If you would like to be a participant in the study, please contact us at **203-764-8602**. For more information about the project email [\*\*annie.harper@yale.edu\*\*](mailto:annie.harper@yale.edu)





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