

# issue briefs

## Family Financial Education



2014-10

## FOOD INSECURITY AND FAMILY FINANCES: EVIDENCE FROM WISCONSIN SCHOOL CHILDREN

### Introduction

This brief introduces a discussion of the interrelationship between food and financial insecurity, using a unique dataset collected in predominantly low-income schools across Wisconsin in collaboration with community-based educators.

### Financial Hardships

Financial educators working with low-income and economically vulnerable households often find that families have multiple stressors, including problems paying bills, affording housing and providing adequate food. Some families seem to struggle more in some areas and less so in others. As families face more economic challenges, it is likely their general financial and material wellbeing worsens. Food insecurity—the lack of assured access to sufficient food for a healthy and active life—is a particularly concerning hardship for families with children. Poor nutrition could have long-term impacts on development and learning, and the household stress surrounding uncertain food access also puts children at risk. Yet, not all children in poverty have any level of food insecurity in their households. Some economically vulnerable families are more successful in avoiding food hardships than are others at similar income and wealth levels. Better understanding the relationships between food and financial hardship can help financial educators target and focus outreach activities.

Studies show that food insecurity is higher among minority race households, people with low education, single parents and people with disabilities. Other research shows that negative financial shocks like unemployment play a major role, and that a lack of savings is a contributing factor. Low-income families often have to manage both income and expenditure volatility; the failure to manage income and expenses even in the short run could cause hardships (see Morduch & Schneider 2013). However, few studies examine both food and financial insecurity, especially among low-income families with children.



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## The Wisconsin Survey of Household Food Needs

Between November 2012 and March 2014 more than 2,800 parents of elementary school students in Wisconsin completed surveys related to food security, economic shocks and financial hardships through the Wisconsin Survey of Household Food Needs (WSHFN). Surveys in English and Spanish were sent home with students for anonymous completion by a parent or guardian, and returned to school in a sealed envelope. A total of 26 predominantly low-income schools across 10 counties participated. On average 62% of students in participating schools were covered by a completed survey. Cooperative Extension educators served as local research coordinators.

**Table 1** shows a summary of the data. More than half the families surveyed had incomes less than 1.85 times the poverty level (about \$44,000 in 2014 for a family of 4). More than two-thirds had at least some college education, and nearly as many owned their

own home—relatively high shares given the lower income profile of the sample. Almost three-quarters were two-parent families. Remarkably, 1 in 3 had experienced a large unexpected drop in income in the past year, 17% experienced a job loss and 25% reported excessive medical bills. More than one-third (38%) had a large and unexpected expense. These are all signals of financial hardship within households. Given the economically vulnerable position of these households and the frequency with which they experienced negative economic shocks, they are at high risk for food hardships as well.

The next question is if these shocks and food insecurity are co-occurring—that is, if families who have negative financial experiences are also more likely to be food insecure. Household food security in this study is measured using a 5-category scale, ranging from fully food secure—that is, having no indication of difficulty in meeting food needs—to child food hardships, or children not having enough to eat due to lack of money for food.

**Table 1 Wisconsin Survey of Household Food Needs (N=2802)**

Income level:			
Poor	29%	Household structure	
1-1.85* poverty	26%	Couple with children	72%
>1.85* poverty	45%	Single parent	20%
Highest parent (or partner) education in household:		Grandparents / 3-gen	6%
High school or less	28%	Other	2%
Some college	26%	Financial shocks	
Associate's degree	17%	Large unexpected income drop 34%	
4-year college degree+	29%	Lost job	17%
Housing		Hours or pay reduced	29%
Owens home	63%	3+ months unemployed	18%
Rents home	28%	Excessive medical bills	25%
Owned/rented by others	9%	Large unexpected expenses	38%

Source: WSHFN

**Table 2** shows that overall 55% of the families surveyed report being fully food secure over the past year. However, among families who report falling behind on rent, only 16% are fully food secure. Only 22% of those who fall behind on utility bills and 13% of people who find it very or extremely difficult to keep up with bills report being fully food secure.

On the other end of the spectrum of food insecurity are families with child food hardships, in which

children don't get enough to eat because the family can't always afford food. Only 11% of families in the survey overall indicate child food hardship. Among families behind on rent, 25% indicate child food hardship. Among those behind on bills or finding it very or extremely difficult to keep up, 23% to 30% report child food hardship. These data suggest there is a coincidence of financial and food insecurity. Families who present a financial problem are more likely to present food security problems.

**Table 2. Food insecurity and other measures of financial strain among households with elementary school children in Wisconsin (N=2733)**

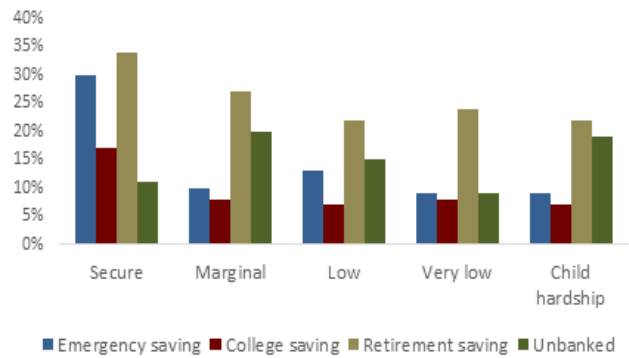
	% of all households	Fall behind on rent	Fall behind on phone/ heat/utility	Very/extremely difficult to meet expenses / pay bills
Food security status:				
Fully secure	55%	16%	22%	13%
Marginally secure	10%	12%	13%	11%
Low food security	15%	28%	25%	26%
Very low security	9%	19%	18%	21%
Child food hardship	11%	25%	23%	30%
Total	100%	100%	100%	100%

Source: WSHFN

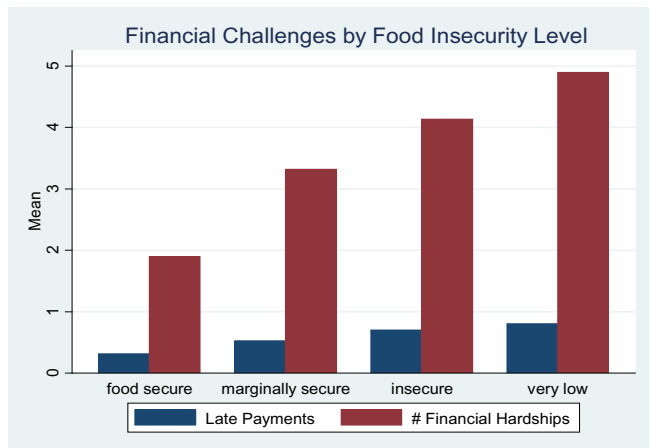
Note: Indicators of household food security and child food hardships are combined, and households reporting child food hardships are classified as such, regardless of the level of food security reported for the overall household.

**Figure 1** summarizes savings and banking data by food security status in the WSHFN. Lower food security levels go hand in hand with low levels of emergency savings, college savings, retirement savings and higher rates of being unbanked. These data all support the idea that people struggling to provide food for their family also are struggling with future-focused financial actions. Not having an emergency fund is especially troublesome, as this cushion of liquid funds can help families make ends meet when cash is short.

**Financial Behavior by Food Security Status**



**Figure 2** shows the frequency of negative financial hardships<sup>1</sup> faced by families by their food security status. Here we see that more food insecure households have almost twice the number of hardships and are far more likely to have late payments on bills compared to more food secure households.



<sup>1</sup> 10 Hardships include: Unbanked, No Retirement Savings, Liquidated/Borrowed Against Retirement Account, No Emergency Fund, Spending Savings on Living Expenses, Borrowed from Friends/Family, Used Payday Loan, Used Title Loan, Used Pawn Loan, Paid Late Fee

### Implications for Community-Based Educators

The WSHFN is an excellent example of a campus-county collaboration to conduct applied community-based research. These results show that food insecurity and financial insecurity often intersect. Financial educators, as well as nutrition educators, may find insights for practice from this research that can help drive new approaches and strategies. Examples might include:

- Conducting food needs assessments as part of financial education or counseling programs aimed at economically vulnerable households
- Integrating referrals to SNAP (FoodShare) and other food assistance programs into programming
- Integrating budgeting and financial counseling into food security and nutrition programs aimed at lower-income households
- Collaborations with schools and teachers to refer parents to combined financial counseling related to bill payments and alleviating hardships as well as to food assistance
- Awareness efforts with schools, administrators and community leaders about the pervasive level of economic and food insecurity in public schools, highlighting the detrimental effects of hardships on school performance and ultimately on the economic development of the community.

This research was supported with a grant from the University of Kentucky Center for Poverty Research through funding by the U.S. Department of Agriculture, Food and Nutrition Service. Additional funding was provided by the Institute for Research on Poverty, University of Wisconsin – Madison.

### Further Resources:

- [Food Research and Action Center](#)
- [USDA](#)
- Morduch, J. and Schneider, R. (2013). Spikes and Dips: How Income Uncertainty Affects Households. [U.S. Financial Diaries](#)

### Measuring Food Security:<sup>2</sup>

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<sup>2</sup> This research used the USDA's six-item household food security scale, as well as an additional question about child-specific food hardships. In the current study, households responding affirmatively to an additional question on child-specific food hardships are classified as having a child food hardship regardless of the food security level of the overall household.

## USDA Six-Item Food Security Scale

For each statement, please mark whether the statement was often true, sometimes true, or never true for (you/your household) in the last 12 months.

The food that (I/we) bought just didn't last, and (I/we) didn't have money to get more

Often true  Sometimes true  Never true

(I/we) couldn't afford to eat balanced meals.

Often true  Sometimes true  Never true

In the last 12 months did (you/you or other adults in your household) ever cut the size of your meals or skip meals because there wasn't enough money for food?  Yes  No

► How often did this happen—almost every month, some months but not every month, or in only 1 or 2 months?

Almost every month  Some months but not every month  Only 1 or 2 months

In the last 12 months, did you ever eat less than you felt you should because there wasn't enough money for food?  Yes  No

In the last 12 months, were you every hungry but didn't eat because there wasn't enough money for food?  Yes  No

### Coding Responses

Responses of "often" or "sometimes" and "yes" = 1. Responses of "almost every month" and "some months but not every month" = 1. All others are 0. The sum of responses is the household's raw score on the scale.

Raw score 0 - High food security  
Raw score 1 - Marginal food security  
Raw score 2-4 - Low food security  
Raw score 5-6 - Very low food security



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