



SYSTEMS OF TRAUMA | Economic Trauma

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This issue brief will explore how economic downturns, lack of financial opportunities, and systemic poverty cause traumatic stress as well as exacerbate trauma caused by other stressors such as family violence. In order to do so, the brief will review structurally embedded inequalities and financial pitfalls that cause economic trauma and strategies for individuals, communities, professionals and organizations to prevent and mitigate economic traumatic-stress. Accompanying resources for this issue brief are available at www.fact.virginia.gov/systems-of-trauma

What is Economic Trauma?

For the purpose of this brief, economic trauma refers to a sustained stressful impact or emotional pain of one's experience with lack of financial opportunities and poverty. Whether living in urban, suburban, or rural settings, people face the reality of economic downturns: being laid off, being unable to find a job, having difficulty supporting a family, or seeing the closing of community organizations or local services on which they depend. When this economic downturn causes stress over an extended period, this creates economic traumatic stress.

Stress is the body's physiological and cognitive response to situations perceived as threats or challenges. Stress can be a positive thing that helps people's bodies and brains stay sharp, alert and ready to react to life's surprises and challenges. Therefore, most stress individuals encounter on a day-to-day basis is tolerable, because they have coping skills and supportive relationships to help them endure it. However, exposure to stressful and adverse experiences over a long period without positive mitigating factors can become toxic. When an individual hears or sees a threat, the brain's limbic system, or "survival brain", sends out a red alert signal that releases stress hormones that help the body respond to a threat; when the danger has passed, the system works to return hormone levels to normal. However, when an individual experiences toxic, or chronic stress, there is a constant stream of stress hormones flooding the body causing

a host of maladies including heart disease, high blood pressure, depression, and anxiety. Economic challenges cause stress by affecting feelings of safety, the ability to remain calm, and relationships with others, and by making it difficult to believe that things will improve.¹

Living in low-income communities and poverty-stricken households often causes stress in and of itself. Poverty compromises an individual in multiple ways, from lack of educational and occupational opportunities to an increased risk for a life of crime and dependency on government programs, all of which can expose families to chronic stress. Children often receive the brunt of poverty's impact, becoming at-risk for poor health, impaired learning, and disrupted cognitive, emotional, and physical development. Children in low-income communities face significantly more adverse experiences and environmental factors than children from a higher socioeconomic status.²

Furthermore, poverty can exacerbate trauma caused by other stressors while also being a barrier for seeking services and help for trauma exposure. Families raising children in low-income neighborhoods are exposed to multiple on-going traumas, from potential to severe threats related to community violence, substance-use and family violence, all of which increase the likelihood of negative outcomes. These poverty-adjacent traumas compound economic trauma's negative effects and,



because of poverty, individuals and families do not have the resources or time to address the trauma or heal.³

Poverty in the United States

The United States produces more gross domestic product (GDP) than any other industrialized country.⁴ However, measured poverty is more prevalent in the United States than in most of the rest of the industrialized world. In 2014, the U.S. poverty rate was almost twice as high as in Scandinavian countries, and at least one-third higher than the United Kingdom, Ireland, Germany and Canada. For these rates, poverty is measured by the percentage of people earning less than half the national median income.⁵ According to the Census Bureau, 39.7 million Americans were poor in 2017, just over 12.3 percent of the population.⁶ These official figures represent the number of people whose annual family income is less than an absolute “poverty line” developed by the Census Bureau. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. The 2018 figure for a family of four is \$25,100, while the figure for a family of two is \$16,460.⁷ However, many researchers believe that this official method of measuring poverty is flawed because income does not capture the myriad of assets and expenses families have. For example, the poverty line does not account for work-related expenses, such as childcare, but also overlooks refundable tax credits or the value of non-cash transfers such as food stamps and housing vouchers. Furthermore, the poverty line does not vary geographically, despite significant variances in cost of living across the United States.

Despite flaws in these measurement systems, nearly half of the 40 million people under the poverty line in the United States live in “deep poverty” which the United Nations defines as people reporting income less than one-half of the poverty threshold. The U.N. released a special report in 2017 on extreme poverty and human rights in the United States, which documented homelessness, unsafe sanitation and sewage disposal practices, as well as police surveillance, criminalization and harassment of the poor. The rise in poverty was found to disproportionately affect people of color and women. The report concluded that the pervasiveness of poverty and inequality “are shockingly at odds with [the United States’] immense wealth and its founding commitment to human rights.”⁸

History

In the late 19th and early 20th centuries, unrestricted capitalism in the United States led to rapid economic expansion. This was characterized by widening class disparities and far-reaching economic insecurity among the poor, a combination that contributed to the crisis of the Great Depression.

Due to this crisis, our modern welfare state was born. Social Security, unemployment insurance, and federal family assistance all began in the 1930s, during the Great Depression. While public assistance primarily benefited and bolstered the white middle class with housing and education assistance, it also uplifted many of the poor through Social Security for the elderly, monthly stipends for single mothers and the disabled, and a minimum wage for workers. The safety net was later expanded to include food stamps, public housing and health care.

Although unequal and stigmatizing, public assistance successfully kept most people out of extreme poverty. Public assistance, public works programs, and national economic investment programs fueled post-World War II economic growth, strengthened consumer capitalism by putting money in the hands of the middle and working classes, and upheld the promise of upward mobility through access to education and a modicum of economic security.

But since the 1970s, the safety net has considerably diminished. Labor regulations protecting workers have been rolled back, and funding for education and public programs has declined. The poor have been the hardest hit. With welfare reform in 1996, poor single parents with children now have a lifetime limit of five years of assistance and mandatory work requirements, with few exceptions. Due to the imposing obstacles to getting on welfare the number of families on welfare declined from 4.6 million in 1996 to 1.1 million in 2017. However, the decline of welfare recipients has not meant a decline in poverty.⁸

To coincide with the shredding of the safety net, beginning in the 1970s, economic growth slowed and the income gap widened. Income growth for middle and lower income households slowed sharply, while incomes at the top continued to grow strongly. Furthermore, survey data shows that the share of wealth held by the top 1 percent rose from just under 30 percent in 1989 to nearly 39 percent in 2016, while the share held by the bottom 90



percent fell from just over 33 percent to less than 23 percent over the same period.⁹ On top of these rising economic inequalities, housing, medical and higher education costs have significantly grown. Seventy years of consistent appreciation in housing values, combined with stagnant wage growth, has caused a nationwide crisis of housing affordability in major cities, and an intensification of wealth and racial inequality.¹⁰ Moreover, the cost of higher education has surged more than 538 percent since 1985.¹¹

The increased wealth gap, stagnant wages, increased costs of housing, health and education, and the deterioration of assistance programs have all contributed to the rise of poverty. The United States has the highest child poverty rates — 25 percent — in the developed world. Further, there are the extremely poor who live on less than \$2 per day per person and do not have access to basic human services such as sanitation, shelter, education and health care. These are people who cannot find work, who have used up their five-year lifetime limit on assistance, who do not qualify for any other programs or who may live in remote areas. They are disconnected from both the safety net and the job market.⁸

Urban Poverty

Research indicates that families living in urban poverty encounter multifaceted risks associated with the hardship of depleted resources, burdens of high stress, and exposure to multiple traumas.^{12,13} Because ethnic groups are overrepresented, there can be additional suffering on top of racist attitudes and negative social perceptions of people living in poverty.³ The following statistics indicate the prevalence of trauma and poverty in urban areas:

- 49% of American children in urban areas (9.7 million) live in low-income families³
- Families of color are disproportionately represented in impoverished urban neighborhoods³
- Black and Latino families with children are more than twice as likely as white families with children to experience economic hardships³
- Families constitute two-fifths of the U.S. homeless population, increasing the risk of trauma exposure and intense anxiety and uncertainty³
- 83% of inner city youth report experiencing one or more traumatic events³
- 1 out of 10 children living in major American

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Glossary

Economic trauma: a sustained stressful impact or emotional pain of one's experience with lack of financial opportunities and poverty

Toxic stress: the stress caused by repeated exposure to traumatic events

Poverty line: a measurement system used by the Census Bureau that sets money income thresholds that vary by family size and composition to determine who is in poverty. The 2018 figure for a family of four is \$25,100, while the figure for a family of two is \$16,460.

Deep poverty: people reporting income less than one-half of the poverty threshold

ALICE: an acronym coined by United Way that stands for Asset Limited, Income Constrained, Employed. The ALICE population represents people who work and earn more than the official Federal Poverty Line, but less than the basic cost of living.

Trauma organized system: families living in poverty who encounter multiple traumas over many years and across generations. Repeated exposures can lead to severe and chronic reactions in multiple family members with effects that ripple throughout the family system and, ultimately, society. Although some families show resilience, many families living under chronically harsh, traumatic circumstances have difficulties adapting. These families struggle to maintain healthy structure, relationships, and coping.

Urban: geographical area with over 500 people per square foot. This designation encompasses what would colloquially be considered "cities" and "suburbs"

Rural: geographical area with under 500 people per square foot.



cities report witnessing a shooting or stabbings

Rural Poverty

According to USDA's Economic Research Service (ERS), in 2016, the poverty rate for Americans living in rural areas was higher than the national rate and of those living in urban areas. According to recent research, rural-urban gaps in working poverty cannot be explained by rural workers' levels of education, industry of employment or other similar factors that might affect earnings. Rural poverty therefore cannot be fully explained by the characteristics of the rural population but rather the structure of rural economies and communities. Rural communities still haven't recovered the jobs they lost in the recession. In fact, census data shows that the rural job market is smaller now than it was in 2008. Mechanization, competing alternative energy sources and increased global competition have all contributed to driving jobs from rural communities. The following statistics indicate the prevalence of trauma and poverty in rural America.¹⁴

- 16.7% of the rural population was poor in 2015¹⁵
- 22.8 % of rural children in the United States were poor in 2017¹⁵
- 9.8% of rural, prime-age working householders were poor. Nearly a third of the rural working poor faced extreme levels of deprivation, with family incomes below 50% of the poverty line, or approximately \$12,000 for a family of four¹⁴
- Large shares of the rural workforce also live in economically precarious circumstances just above the poverty line. Nearly one in five rural working householders lived in families with incomes less than 150% of the poverty line¹⁴
- The rural job market is 4.26% smaller than it was in 2008¹⁴
- The rate of disability increases from 11.8% in the most urban metropolitan counties to 15.6% in smaller micropolitan areas and 17.7% in the most rural, or non-core, counties¹⁴
- Out of the 353 counties identified as those in persistent poverty across the country, 301 (85.3%) were rural¹⁵
- 60% of rural counties nationwide have public transportation available. 28% of those have very limited service¹⁶
- Residents of rural areas often must travel longer

distances to access education, employment, retail locations, social opportunities, health services and even public transportation. Rural residents also assume additional risks as a result of living in areas that may be farther from emergency response services including police, fire or medical assistance. Therefore, not having access, or losing access, to a personal vehicle can have devastating consequences to rural households.¹⁶

Poverty in Virginia

Virginia poverty rate ranked 11th nationally with 10.6 percent of Virginians falling below the poverty line in 2017—below the 2017 national average of 12.3. However, children in Virginia see higher rates of poverty at 13.7 percent. Additionally there are significant differences in poverty in Virginia according to race; in 2017, 17.9 percent of African American residents and 13.7 percent of Latino residents lived below the poverty line while only 7.1 percent of Asian residents and 8.5 percent of white residents lived in poverty.¹⁷

Additionally, several geographical areas in Virginia have significantly higher rates of poverty than the rest of the state. People in Southwest Virginia, Southside Virginia and the Eastern Shore earn two-thirds of what Virginians statewide do and the average poverty rate in these areas is 67 percent higher than Virginia's average. In these three outlier areas the population is older because younger people are migrating due to lack of job opportunities. In these three geographic areas, an average of 54 percent of residents are in the civilian labor force, compared to Virginia's average 65 percent. Finally, rates of fatal prescription opioid drug overdoses in these areas is an average of 56 percent higher than Virginia's average.¹⁸



How does poverty create and exacerbate traumatic stress?

Chronic stress is gaining recognition as a major mechanism through which poverty exerts a negative toll on children and adults.

Ongoing stress associated with poverty, or the stress of living with less than one needs, creates constant wear and tear on the body, dysregulating and damaging the body's physiological stress response system and reducing cognitive and psychological resources for battling adversity and stress.¹⁹ Poverty has also been correlated with the breakdown of familial relationships. Research has shown, the experiences of chronic trauma and the stress associated with urban poverty have been associated with decreased parental effectiveness, less warmth, limited understanding of child development and needs, increased use of corporal punishment and harsh discipline, high incidents of neglect, and an overall strategy of reactive parenting.³ Poverty is also associated with elevated psychological parental distress, maternal depression, insecure attachment between child and parent/caregiver, and "chaotic" home and community conditions (e.g., violence).²⁰ The stress of poverty is not simply worrying about money — poverty creates a "context of stress", in which conflict, family violence, food insecurity and residential mobility (to name a few) are also commonplace.¹⁹

On top of the stress directly caused by poverty, economic hardship also prevents individuals and families from addressing and healing from other traumatic stress, such as family violence. Families living in poverty are less likely than families living in more affluent communities to have access to and resources for services that facilitate healing from their traumatic experiences and building resilience.³ Risk factors contributing to family instability generally include prior individual or family psychiatric history, history of other previous traumas or adverse childhood experiences, compounding of life stressors, severity of traumatic experiences, conflictual or violent family interactions, and lack of social support. Poverty not only causes family instability but also erodes many of the resilience factors that foster preventing, coping and healing from the trauma caused by that instability. For example, when a survivor of domestic violence and her children are also experiencing poverty, they already have significant barriers to providing basic human needs such as housing and food. Therefore, poverty makes it considerably more difficult to access resilience-boosting factors such as counseling and community support to help the survivor and her children heal from the trauma caused by family violence.³

Poverty, Adverse Childhood Experiences, and Health Outcomes

The Centers of Disease Control (CDC) and Kaiser Permanente's Health Appraisal Clinic performed a study between 1995 and 1997 to explore the effects of childhood abuse and neglect on later-life health and well-being. This landmark project called the ACE Study, surveyed over 17,000 adults regarding their childhood experiences and current health status. The study found that Adverse Childhood Experiences (ACEs) are strongly related to the risk of illicit drug use, domestic violence, financial stress, attempted suicide, and early initiation of sexual activity. ACEs were also found to increase the risk of cardiovascular diseases, depression, fetal death, alcoholism, and liver disease.²¹

Not only do ACEs increase the risk for financial stress in later life, but poverty is a strong reinforcing factor in the accumulation of ACEs and subsequent toxic stress correlated with unfavorable health outcomes in adulthood. A growing body of evidence indicates that poverty is highly concurrent with ACE exposure and that children living in poverty are more likely than their peers to experience frequent and intense adversities. However, it is important to note, poverty is not another ACE, but a structural issue governed by economic factors. Although people living in poverty are at greater risk, ACEs occur across the socioeconomic spectrum. Better-off families often have sufficient material resources and social, emotional or practical support to counter the negative effects of ACEs.²²



With that in mind, while the majority of children living in poverty are not affected by multiple ACEs, there is a significant proportion of families with multiple ACEs who experience poverty. And when poverty and ACEs coincide they become exponentially more harmful. When a child lives with ACEs, and also lives in poverty, they are more susceptible to long-lasting trauma, or toxic stress, which is devastating to children in childhood, and which continues on into adulthood. The trauma associated with the combination of ACEs and poverty makes it more likely for children to experience deeper and more prolonged levels of poverty throughout their lives which often carries in future generations.^{22,23}

Social determinants of health are the conditions in which people are born, grow, live and work—and they play a key role in determining a population's health. There are five major categories: economic stability, education status, social and community context, health and health care and neighborhood and environment. For example, poverty limits access to healthy foods and safe neighborhoods therefore affecting people's health and safety. Differences in health are striking in communities with poor "social determinants" such as unstable housing, low income, unsafe neighborhoods or substandard education. According to Healthy People 2020, a national health promotion program, by applying what we know about social determinants of health, we can not only improve individual and population health but also advance health equity. This will also increase the likelihood of fewer instances of adverse childhood experiences.^{24,25}

Intersections of Poverty

Certain communities in the United States are more likely to experience poverty, and therefore more likely to experience traumatic stress as a result. The following section highlights just a few examples of communities that have higher rates of poverty.

- **People of color:** The United States history of racial oppression and current legacies of inequity have created a wealth gap where people of color are more likely to live in poverty than their white counterparts. For example, 18.3 percent of Hispanic and Latino Americans and 21.2 percent of African Americans live in poverty, both far above the nationwide poverty for all Americans, 12.3 percent. African Americans living in the United States face a wide range of institutional obstacles that make earning a steady, livable income, as well as the possibility of escaping poverty, extremely difficult. African Americans encounter inequalities in education, discrimination in the workplace, high incarceration rates, and more. One in eight Americans are Black, but Black Americans make up more than one-fourth of the nation's poor population.^{26,27}
- **Women:** Women in the United States are 35 percent more likely than men to be poor, with single mothers facing the highest risk. Currently, 35 percent of single women with children live and raise their families in poverty.²⁸ Women are nearly two-thirds of minimum-wage workers in the country. More than 70 percent of low-wage workers get no paid sick days at all, disproportionately affecting women who often have to miss work when their children are sick on top of their own sick leave. Forty percent of all households with children under the age of 18 include mothers who are either the sole or primary source of income.²⁹ Finally, the median earnings of full-time female workers are still just 77 percent of the median earnings of their male counterparts. Multiple factors contribute to women's inequitable poverty rates including the gender wage gap, segregation into lower paying work, inadequate social safety nets, lack of affordable health care, family care-taking responsibilities, costs and burdens of pregnancy, violence and abuse.³⁰
- **LGBTQ (Lesbian, Gay, Bisexual, Transgender, Questioning) Youth:** LGBTQ youth are disproportionately represented in both our juvenile justice and child welfare systems, which are often not equipped to meet their needs and can leave them vulnerable and economically stressed when



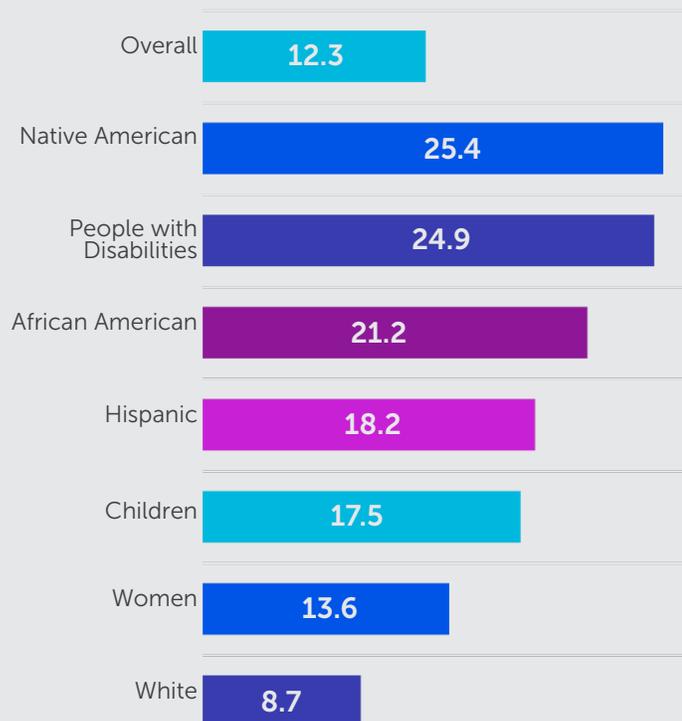
they transition out of those systems and into adulthood. Moreover, in many places around the country, there are no anti-discrimination laws protecting LGBTQ youth from discrimination in employment or housing.³¹ Additionally, LGBTQ youth and young adults who reveal their sexual identity are often subjected to abandonment by family and community. The combination of stripping of youths' safety nets, the lack of legal protections and negative institutional targeting lead to greater system involvement, lack of access to education and employment opportunities, housing insecurity and a plethora of other negative outcomes for LGBTQ youth and young adults. Furthermore, transgender, gender nonconforming, and non-binary Black and Brown people are disproportionately affected by high rates of homelessness, trauma, criminalization, under-employment, and incarceration, which are inextricably linked to chronic poverty and reinforced by state-sanctioned violence.^{32,33}

- Older Adults:** Over 25 million Americans aged 60+ are economically insecure—living at or below 25% of the federal poverty line. These older adults struggle with rising housing and health care bills, inadequate nutrition, lack of access to transportation, diminished savings, and job loss. In 2016 the 2.1 million older adults on Supplemental Security Income (SSI) received, on average, just \$435 each month. On average, older women received about \$4,500 less annually in Social Security benefits in 2014 than older men due to lower lifetime earnings, time taken off for caregiving, occupational segregation into lower wage work, and other issues. Older women of color fare even worse. Additionally, older workers of color are most at risk for unemployment, with older African American men twice as likely to be unemployed as older white men.³⁴ Homelessness is a significant effect of the large population of older adults living in poverty. The population of sheltered homeless adults, age 62 and older, in the U.S. population rose from 2.9 percent to 4.7 percent from 2007 to 2016. Furthermore, people over 50 make up 30% of the nation's homeless population. The advanced age of this country's homeless creates challenges for government assistance programs that were designed to address the needs of a much younger group and do not account for the medical, social, and emotional needs that emerge in later life.³⁵

Intersections of Poverty

Poverty Rates

The data below reflect the percentage of people who fell below the poverty line--\$24,860 for a family of four--in 2017^{6,40}





Poverty and Family Violence

Poverty does not directly cause family violence, however exacerbating factors often associated with poverty such as unemployment, depression, substance use and social isolation can increase the likelihood of violence, especially when co-occurring with financial stress. For this reason, system wide shifts, i.e., national economic recessions, may indirectly influence increases in family violence. In fact, many researchers postulate the five-percent rise in the number of poor families following the Great Recession may have contributed to a stalled reduction in family violence.

Child Abuse

Higher income inequality across US counties was significantly associated with higher county-level rates of child maltreatment. The findings contribute to the growing literature linking greater income inequality to a range of poor health and well-being outcomes in infants and children.³⁶ Further research has shown that children from low socioeconomic status families are three times as likely to experience physical child abuse and five times more likely to experience more severe physical harm than their non-poor counterparts.³⁷ However, this data comes with some caveats. Researchers have consistently cited concentrated neighborhood disadvantages such as high poverty, residential instability and high unemployment rates as a risk factor for child abuse. However, because of these community risk factors, along with societal and systemic factors, wealthier families are not under the same scrutiny that brings families of lower socioeconomic status, particularly those families of color, to the attention of child welfare authorities.³⁸

Intimate Partner Violence

Poverty and the increased stress it causes can exacerbate family violence dynamics.³⁷ Unemployment is consistently cited as a risk factor for intimate partner violence (IPV). Additionally, relying on low-paying part-time employment—often multiple jobs—can lead to income instability and high stress, and has therefore been linked to IPV. Many community factors associated with poverty are risk factors for IPV including overcrowding, high unemployment rates, low social capital (lack of institutions, relationships, and norms that shape a community's social interactions), poor neighborhood support and cohesion, weak community sanctions against IPV (e.g., unwillingness of neighbors to

intervene in situations where they witness violence) and high density of alcohol vendors. Furthermore, financial insecurity is one of the greatest reasons that survivors stay in or return to abusive relationships. Economic abuse is present in 98 percent of abusive relationships—including blocking access to financial assets, ruining their partner's credit, controlling phone contracts and sabotaging their partner's employment. In fact, 60 percent of domestic violence survivors reported losing their jobs as a direct consequence of the abuse and 98 percent said that abuse made them worse at their jobs. Generally, abuse survivors miss work more often, come in late more often, are hospitalized for injuries more often, suffer more long-term and chronic health conditions (depression, PTSD, substance abuse), and thereby accrue more medical debt.³⁹

Implications for Practice

Because of the multitude of intersections between traumatic stress and poverty outlined in this brief above, it is imperative that sensitivity to economic trauma is included in trauma-informed strategies. Trauma-informed care involves understanding, anticipating, and responding to the impact that trauma can have and increasing awareness about how to address existing trauma and prevent retraumatization. When applied to economic trauma, the overarching tenets of trauma-informed care remain the same. However, individuals, communities, professionals and organizations must also consider the tenets through a lens of social equity informed by historic and contemporary systems of income inequity and poverty. The following section outlines the tenets of trauma-informed care through a lens that is sensitive to economic trauma.

- **Trauma Awareness:** An understanding of trauma including the types of trauma endured and how it affects a person's physical and mental health. Trauma awareness when addressing economic trauma may include educating individuals and families that poverty can be a legitimate traumatic stress. This provides context for individuals and family experiencing economic trauma, which can help direct them as they work towards healing.
 - **For example:** Train program staff on issues related to poverty
- **Safety:** Trauma survivors often feel unsafe and may be in danger. A trauma-informed approach



works towards building physical and emotional safety. Safety when addressing economic trauma may include programs that utilize a housing first approach that helps people who are experiencing homelessness obtain permanent housing quickly so they are in a better position to achieve other goals, including safety, health, recovery and wellbeing.

- **For example:** Train program staff to assess whether basic needs are met in the home (such as water, food, heat, etc.).
- **Respect-** People living in poverty are often stigmatized and disrespected due to false societal ideas about poor people being lazy or unintelligent. It is therefore crucial to uphold the trauma-informed tenet of respect. Respect when addressing economic trauma may include training for workers that administer benefits such as SNAP or TANF that includes culturally sensitive practices and awareness and dismantling of bias.
 - **For example:** In written program materials make sure reading levels are taken into account and that staff is sensitive to literacy levels.
- **Control & Choice-** Because control is often taken away in traumatic situations, and because poverty is disempowering in and of itself, it is important to honor people living in poverty's control and choice. Control & choice when addressing economic trauma may include financial assistance programs with less parameters on how families should spend the money.
 - **For example:** Avoid being too prescriptive in budgeting education and coaching.
- **Strengths-based approach-** Trauma-informed care is strengths based rather than deficit oriented. Rather than focusing on real or imagined limitations, a trauma informed approach focuses on skills building and resilience. A strengths-based approach when addressing economic trauma may include workforce development programs that strategically utilize people's transferable skills and strengths to bolster their earning potential and access to opportunity.
 - **For example:** Seek staff from the communities a program is serving, and utilize community members knowledge with peer to peer programs.

Spotlights

Because poverty is a risk factor for family violence, interventions that address economic insecurity are effective strategies for prevention and treatment. The following programs center economic stability as a means to combat family violence while also upholding trauma-informed tenets.

FreeFrom

Los Angeles, CA- National

FreeFrom works to break the cycle of violence by investing in survivor wealth, or the financial freedom to do things like live well, build a safe and nurturing home, pay bills on time, and not live with crushing debt. Based in Los Angeles, but scaling nationally, FreeFrom's programs create pathways to financial security and long-term safety that support survivors of gender-based violence. FreeFrom's programs center around three strategies, capacity building, innovation, and systems change and include:

Capacity Building

- **Train the trainer-** FreeFrom's Survivor Wealth and Wellness Certification Program trains domestic violence organizations nationally on how to support survivors in generating income, protecting their finances and building assets. The year-long e-course trains executive directors and program managers in domestic violence organizations in reaching their own income goals as well as how to support survivors reach financial security. This model recognizes that professionals working in the domestic violence experience vicarious trauma and are often survivors of domestic violence themselves and therefore addresses financial trauma for professionals and clients in the domestic violence field.
- **Survivor Wealth Summit-** FreeFrom held a summit in July 2019 that convened the asset building and gender-based violence fields to develop innovations and build cross-sector capacity to support survivors' financial security.

Innovation

- **Self-help compensation tool-** FreeFrom developed an online Self-Help Compensation Tool that helps survivors navigate the four avenues to compensation to recuperate expenses incurred because of the abuse they suffered (such as medical bills and property



damage). In 2019, the tool had 100,000 users. This trauma-informed program gives control and choice back to the survivor by providing tools for them to begin to build their own financial security.

- **Peer to peer financial coaching-** FreeFrom's peer-to-peer financial coaching model supports survivors in building financial confidence and power in community. This trauma-informed model honors survivors strengths, talents and resources by facilitating spaces where they can come together to build community and realize their financial goals.
- **Social enterprise models-** FreeFrom's social enterprise, GIFTED by FreeFrom is an online store selling all-natural bath and beauty products, handcrafted by survivor entrepreneurs in Los Angeles, CA, and offering living wage, survivor-informed employment opportunities. With a goal to create significant survivor wealth, 70 percent of all GIFTED revenue goes back to survivor entrepreneurs, 15 percent is used to pay survivors who work in the store a living wage of \$20 an hour, and 10 percent supports more survivor entrepreneurs in building financial security and long-term safety through FreeFrom's entrepreneurship program.

Systems Change

- **Policy advocacy-** FreeFrom has a 50-state strategy to build movement power through legislation that supports economic justice for survivors, e.g., by recognizing economic abuse as domestic violence and creating projected, paid leave for survivors to support their recovery.
- **Best practices for banks, credit card companies and credit reporting agencies-** FreeFrom is working to create a set of survivor-informed industry guidelines and best practices for banks, credit card companies and credit reporting agencies. Such as, banks creating options for survivors to create hidden bank accounts and working with credit card companies and credit reporting agencies to alleviate the debt hardships that are a result of intimate partner violence.

Total Action for Progress (TAP)

Roanoke Valley, VA

Total Action for Progress (TAP) is a community action agency that serves eleven localities in the Roanoke Valley. TAP recognizes that all of the normal stresses that threaten the stability and security of every family are greatly magnified for low-income families who may find it difficult to get by, especially in emergencies like loss of a job, eviction, illness, or a family member is incarcerated. TAP works with families towards financial security through education, employment training, financial services, family services, and housing programs. Additionally, because people can't begin to solve their long-range problems of poverty until their immediate physical needs have been met, all of TAP's programs give priority to helping either directly or by referral to other local agencies and resources.

TAP's Domestic Violence Services provide holistic case management for the entire family. The program provides advocacy, case management, weekly support groups and court preparation and accompaniment for survivors of domestic violence. TAP also provides the region's only 24 hour hotline for crisis intervention as it relates to domestic violence that includes responding to lethality assessments. DV services also help survivors achieve financial security by providing financial training, job skills training referrals, transportation assistance, emergency financial assistance, and emergency relocation services.

TAP is also active in the Roanoke Valley trauma-informed community network. Participating in the network allows TAP to coordinate, collaborate and learn from other service providers and organizations in the community, ranging from social workers to bank tellers, lawyers and cosmetologists.

ALICE Project National

ALICE® is an acronym coined by United Way that stands for Asset Limited, Income Constrained, Employed. The ALICE population represents people who are employed and earn more than the official Federal Poverty Line, but less than the basic cost of living. This population struggles to afford basic necessities, including housing, food, childcare, health care, and transportation. ALICE households often do not qualify for governmental aid or social service programs, and therefore are virtually invisible to the system. When ALICE households



cannot make ends meet, they are forced to make difficult choices such as forgoing health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future—and they reduce productivity and raise insurance premiums and taxes for everyone.

In 2015, 11 percent of Virginia households faced financial hardship and an additional 28 percent, or 859,079 households, qualified as ALICE. There are many factors that contribute to the rate of ALICE households in

Virginia, including: low wage jobs dominating the local economy; the basic cost of living outpacing wages; public and private assistance not creating financial stability; and economic conditions worsening for ALICE households from 2007 to 2015.

United Way of Southwest Virginia ALICE in Southwest Virginia

In United Way of Southwest Virginia’s service area, the number of ALICE households is as high as 35%. The ALICE rate, combined with a poverty rate at 24%, shows that as many as 59% of households in Southwest Virginia cannot afford the basic cost of living. Below are some of the factors that contribute to high poverty rates in Southwest Virginia.

- **Unemployment rate:** The unemployment rate in Southwest Virginia has been higher than the state average since before the Great Recession started in 2007. That gap has increased since 2011, when rates started to fall in other parts of the state but remained higher in the Southwest region. In 2015, the unemployment rate was 7.6 percent in Southwest Virginia compared to the state average of 4.5 percent
- **An aging population:** The aging population is especially pronounced in Southwest Virginia, which has the state’s highest percent of the population over the age of 65 (18 percent compared to 13 percent statewide). With the decline in manufacturing and mining, many younger workers have moved to areas with more employment opportunities.
- **Jobs:** Southwest Virginia has already experienced much of the economic change that is hitting the rest of the state and the country. This includes mechanization of both the coal extraction process and manufacturing, which has reduced the numbers of available jobs over the last 20 years. At the same time, there has been growth in smaller, more nimble companies, with the associated job insecurity and unstable schedules that often accompany them.

United Way of Southwest Virginia uses the ALICE Report to understand the community they serve. The ALICE Report informs programs such as Ignite, a career awareness program for middle school students, Volunteer Income Tax Assistance (VITA), a program that, in partnership with local Community Action Agencies, offers free tax preparation for families earning \$55,000 or less, and a partnership with the Virginia Department of Social Services to ensure families have access to high quality early childhood care and education. Additionally, the ALICE Report helps chart the direction of the region’s emerging Trauma-Informed Community Network, in which United Way of Southwest Virginia serves as the backbone organization.

Resources

Additional Information

Links to resources accompanying each section of this brief are available at www.fact.virginia.gov/systems-of-trauma

Facebook

Keep up with new information related to trauma and family violence on FACT’s Facebook page: www.facebook.com/FACTVA/.

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