integrating FINANCIAL SECURITY AND ASSET-BUILDING STRATEGIES into WORKFORCE DEVELOPMENT PROGRAMS

earn

invest

protect

save

expanded economic opportunity
Integrating Financial Security and Asset-Building Strategies into Workforce Development Programs

By Angela Duran, Jennifer Brooks and Jennifer Medina

PUBLISHED APRIL 2013

Acknowledgements

The authors would like to thank the workforce development experts that shared their experience and expertise to inform this guide, including Colin Austin of MDC; Terri Freeley, Independent Consultant; Eric Seleznow of the National Skills Coalition; and Ed Strong of the Corporation for a Skilled Workforce. The authors would also like to acknowledge the contributions of CFED staff members—Roberto Arjona, Sean Luechtedfeld, Kristin Lawton, Ida Rademacher and Kasey Wiedrich. Finally, CFED would like to thank Living Cities for the Foundation’s support, and Carmen Rojas and Marian Urquilla for their advice and feedback throughout the process of writing this guide.
The workforce development and asset-building fields share the goal of ensuring individuals have the tools to participate in, contribute to and benefit from the mainstream economy. Yet although they share a goal, each field approaches the challenge from a different angle. In general, workforce development providers help individuals navigate and succeed in the labor market by providing a range of services that build skills and human capital and connect them to jobs. A successful outcome for a workforce program is when a customer obtains steady employment that provides adequate income, and ideally, a promising career path. Asset-building providers, by contrast, focus on helping individuals navigate and succeed in the financial marketplace by providing a range of services that help individuals make the most of their income in both the short and long terms. These services, which focus on improving financial capability, helping individuals access appropriate and affordable financial products, building savings and avoiding predatory practices, are designed to help individuals build financial resilience that can help during times of crisis and build a nest egg that supports future goals.

Both sets of strategies are essential to financial stability and success, yet more often than not, they are disconnected and delivered on parallel tracks. In addition, connection to the full complement of income supports and social insurance that are critical for financial empowerment typically extends beyond the services that many workforce and asset-building providers offer. CFED’s Household Financial Security Framework describes what families need to move along a path from financial insecurity to economic opportunity (see Figure 1). The Framework shows how, for example, stable housing and access to reliable transportation are vital to holding down a steady job; how access to government benefits, such as food or child care assistance, can make a modest income go farther; and the role that access to health insurance plays in protecting individuals from overwhelming medical debt. Addressing these diverse needs requires the engagement of additional stakeholders outside the workforce and asset-building fields.

**Figure 1.** CFED’s Household Financial Security Framework describes what families need to move from financial insecurity to economic opportunity.
The good news is that a growing number of stakeholders in the workforce development and asset-building fields are recognizing the opportunity to and benefits of more closely integrating services. The site for much of this integration has been in community colleges. However, Workforce Investment Act (WIA) one-stops and partners, along with adult education providers and workforce programs supported by funding from sources other than WIA, are also innovating new ways to connect workforce and asset-building services. In addition, another model for delivering the myriad of services that individuals need is exemplified by the Annie E. Casey Foundation’s Centers for Working Families, Local Initiative Support Corporation’s Financial Opportunity Centers and the United Way of the Bay Area’s SparkPoint Centers. These centers, which intentionally co-locate services and “bundle” access to benefits, financial education/coaching and employment services, are often housed within community-based programs. More recently, the Annie E. Casey Foundation and United Way of the Bay Area have also begun delivering their model in community college settings.

These leaders in the field recognize that a lack of financial stability and capability can lead to stress and distraction at work, which diminishes employees’ productivity. They are also demonstrating that integrating these services leads to better outcomes for individuals. For example, when career coaches in the New York City Department of Small Business Services—the city agency responsible for adult workforce services—worked with The Financial Clinic to incorporate financial development strategies into their work with clients, the average number of hours worked and average income increased substantially. Clients who completed two financial milestones, such as opening a bank account or starting an automatic savings plan, worked three more hours per week and earned $51 more per week than those who did not complete any milestones.

At Bon Secours, a Center for Working Families in Maryland, clients who received bundled services had a 29% higher chance of achieving a milestone such as getting a job than those who did not.

There are also benefits for service providers themselves. The Urban Institute found that “integration” as a general approach yields benefits for workforce development programs. These benefits included an ability to maximize scarce resources while meeting participation requirements; greater flexibility in using funds; the ability to offer a greater range of services targeted at clients’ needs; an increased operational efficiency and reduction of duplicative efforts; better tracking of services received by clients and the outcomes of those interactions; enhanced ability to serve mandated target groups; increased knowledge and communication across agency staff; improved image with clientele, employers and the community; and the opportunity to specialize in areas of expertise.

For those in the workforce development field who want to follow the lead of these innovators and want to bring asset-building strategies to their clients, customers or students, there are a range of approaches—from simple to complex—that can be adopted. The simplest approach is for stakeholders to refer individuals to existing asset-building services. This approach can be as straightforward as knowing who the providers of these services are and passing that information along to workforce development customers. In some cases, however, it can involve creating more comprehensive, formal referral networks.

A second approach, which may require somewhat more commitment by the workforce development organization, is to initiate relationships with partners who provide asset-building services. Formalizing relationships with one or more of these providers, such as financial educators, free tax-preparation providers or credit counselors, can connect individuals to the services they need without building new internal capacity. This level of engagement may mean that partner agencies come on-site to serve clients.

![Figure 2. Three options for connecting customers to financial security and asset-building services.](image-url)
directly, rather than placing the impetus on the client to contact the partner. Partnerships can go even further than co-location to also include co-branding, co-management and coordinated outcomes tracking.

A final option available to stakeholders is to integrate asset-building strategies into their own programmatic offerings. This approach may require more investment; however, it may be appropriate for workforce organizations that want to expand their internal capacity to directly offer asset-building interventions.

This guide provides more than a dozen examples of workforce programs that have integrated one or more financial capability and asset-building strategies into their work. For the most part, these examples rely on partnerships to deliver services; however, some of the examples include referral networks or building internal capacity to deliver services directly.

To identify examples, the authors interviewed a number of national workforce intermediaries, including the Corporation for a Skilled Workforce, MDC (formerly Manpower Development Corp.) and the National Skills Coalition. In addition, the authors interviewed organizations featured in this report and relied on documents and websites produced by these organizations. The list of examples is not intended to be exhaustive, but rather to provide ideas and resources to get started.

HOW THIS GUIDE IS ORGANIZED

The guide recognizes that readers may hail from either the asset-building or workforce development field, and thus begins with a brief overview of each system. Following that section are concrete examples that are organized around the five imperatives in the Household Financial Security Framework (described on page 3): learn, earn, save, invest and protect.

Recognizing that the extent to which workforce programs can integrate these strategies is partially governed by federal and state policies, the next section offers policy recommendations that can remove barriers to integration and ultimately improve outcomes. The guide concludes with a resources section that contains information about the highlighted organizations.
Broadly, the workforce development system includes both government-funded employment and training programs administered by one-stop centers, adult education/family literacy providers, community colleges and a variety of other institutions, as well as privately-funded, community-based programs that support workforce development.

Workforce development programs receive funding from federal, state and local governments. The largest source of federal funding for workforce development activities comes from the Workforce Investment Act (WIA), which, through its Title I and II, serves adults, youth, dislocated workers and those seeking adult basic education or literacy services. Title I requires state and local Workforce Investment Boards (WIBs) to contract with postsecondary educational institutions, employment service agencies, and private nonprofit or for-profit organizations to operate one-stop centers in which individuals can access information about, and receive services from, multiple federal employment and training programs. In 2010, nearly 1,900 one-stop centers and more than 1,100 affiliate centers were in operation across the country. Title II provides funding for three types of services: adult education and literacy services, family literacy services and English literacy programs for individuals with limited English proficiency. More than 4,100 adult education providers across the country provide services to more than 2.4 million individuals. Adult education programs are housed within a wide variety of organizations, including K-12 educational institutions (51%), community-based organizations (21%), postsecondary institutions (16%), volunteer literacy organizations, libraries, public housing authorities and correctional institutions.

Although WIA accounts for the largest share of federal support for workforce development, there are more than 90 federal funding streams for workforce development planning and programming which span more than 11 federal agencies. These programs range from broadly-focused grants that include workforce development services as eligible activities (e.g., Community Services and Community Development Block Grants) to narrowly-focused support services for specific populations (e.g., refugees, Temporary Assistance for Needy Families recipients and other low-income individuals). In addition to funding for planning and programming, the federal government also directly supports students’ education and training through Pell Grants and tax credits, including the American Opportunity Tax Credit, Hope Credit and Lifetime Learning Tax Credit.

States and local governments administer pass-through funds from the federal government. Some also appropriate funds from their own coffers to support workforce development programs. When they do, the amount varies substantially and may change from year to year based on budget pressures and priorities. For example, in 2004, Pennsylvania used $250,000 to launch a widely-regarded Industry Partnership Initiative. By 2008, the Initiative had grown to $20 million. However, as revenues contracted, funding for the Initiative shifted to rely on federal WIA funds. Today, while there is state legislation to support the approach, virtually no state funds are appropriated for this purpose. States more consistently fund community colleges. Almost a third (29%) of funding for community colleges comes from state appropriations, with the remainder coming from federal (17%), local (16%) and other sources. In some states, expenditure on community colleges is higher than the average. For example, in the California Governor’s 2013-2014 budget, general funds and other state appropriations account for more than half of funding for community colleges.

Local governments primarily use federal pass-through funds to support workforce development programs; however, they typically contribute in-kind resources, such as space in government facilities for one-stop centers and may appropriate additional dollars from their general funds. For example, in Savannah, although most workforce development services are supported by WIA funds, the local government
appropriated $368,139 from its general fund in 2013 to support the Step Up program, which offers workforce and asset development services through third-party providers, and $126,576 for the YouthBuild Program, a federal program for young people to gain job skills while building affordable housing.\textsuperscript{11}

Private philanthropy is also an important source of workforce development funding. The Directory of Foundation Workforce Grant Opportunities, which is a resource developed by the U.S. Department of Labor, includes more than 100 companies, corporate foundations and private foundations that support workforce development.\textsuperscript{12} The National Fund for Workforce Solutions reported that in 2011, 432 private funders contributed $160 million to regional workforce funding collaboratives.\textsuperscript{13} Private philanthropy has also been the principal driver of the development and expansion of Integrated Service Delivery (ISD) centers, which are one-stop centers that combine employment services with financial and income supports. Originally pioneered by the Annie E. Casey Foundation, several other foundations are now supporting ISD centers across the country. While these ISD centers are primarily funded by private philanthropy, they can include partnerships with programs funded by WIA or other federal or state sources. Additional information on ISD centers is available in Appendix 1.
The asset-building field is an inclusive term for a diverse set of stakeholders that seek to help individuals move along a path from financial insecurity to economic opportunity. When the field emerged more than 20 years ago, it was comprised largely of community-based service providers offering matched savings accounts—or Individual Development Accounts—funded through federal, state and philanthropic support. Today the field has expanded to include far more stakeholders. For example, Volunteer Income Tax Assistance sites, credit unions and other financial institutions, schools and local governments, United Way and Goodwill agencies, and even churches are part of the asset-building field. In addition, one of the biggest new areas of interest and innovation in asset-building is coming from housing authorities and Head Start programs.

Since the asset-building field spans many sectors and funding sources, no comprehensive catalogue of organizations in the field exists. However, the Assets & Opportunity Network—an emerging, movement-oriented Network of practitioners, advocates and other stakeholders working to expand the reach and deepen the impact of asset-based strategies—provides a proxy for the breadth and depth of the asset-building field. The Network, which officially launched in September 2012, currently includes 75 Lead State and Local Organizations from 38 states and more than 1,000 General Members from 49 states and the District of Columbia. Many of the Lead Organizations run asset-building coalitions in their states or local areas. Network members hail from a variety of organizations, including community-based nonprofits, housing organizations, United Ways, community action agencies, local/state/federal government agencies, policy and research think tanks, private foundations, financial institutions, community colleges, community development organizations, religiously-affiliated organizations, credit-building organizations, consulting firms, YMCAs/YWCAs, entrepreneurship organizations, Goodwills and food banks. Unquestionably, there are stakeholders in the asset-building field who are not part of the Assets & Opportunity Network; however, it very likely reflects the diversity within the field.

Stakeholders in the asset-building field provide a range of services aimed at building financial capability. The services include increasing access to public benefits and tax credits, connecting people to mainstream bank accounts, encouraging savings, building credit, supporting home- and business-ownership, as well as protecting people from predatory practices. Figure 4 uses the Household Financial Security Framework to show the range of services offered by providers in the asset-building field. These services ideally dovetail with the skill-building and employment services offered by workforce development field.
**Figure 3.** Stakeholders in the asset-building field provide a range of financial security and opportunity services. These services ideally dovetail with skill-building and employment services offered by the workforce development field.

- **learn** Connect clients to financial education, counseling or coaching on a range of topics, such as debt reduction, managing credit scores, budgeting and choosing financial products.

- **earn** Facilitate access to public benefits offered by federal, state and local governments through integration of benefit screening tools. Connect low-income workers to free tax preparation assistance and access to the Earned Income Tax Credit.

- **save** Link clients to mainstream financial products such as basic savings or transactional accounts through partnerships with banks, credit unions and/or CDFIs. Accelerate savings by connecting clients to matched savings programs such as individual development and children’s savings accounts.

- **invest** Connect clients to reputable credit counseling agencies to improve credit-worthiness for home or business loans, and to remove potential barriers to employment. Link Clients to first-time homebuyer programs for counseling and downpayment assistance. Provide Access to small business development training and capital.

- **protect** Inform clients about hazards of high-cost financial products such as predatory loans, high interest-rate credit cards, prepaid cards with high fees and overdraft fees on bank accounts. Connect clients to foreclosure counseling and mitigation services to help at-risk homeowners.
As the old ad for Reese’s Peanut Butter Cups reminds us, it matters less if it is the “assets chocolate” that is being integrated into the “workforce peanut butter” or the other way around, and more that the combination of the two produces a surprisingly good match. Asset-building stakeholders have learned over time that stand-alone “asset-building programs” are less sustainable than when they are connected to other services. Likewise, community colleges, adult education programs and WIA one-stop centers are finding that integrating financial security strategies into their work can make them more effective. Figure 5 provides examples of strategies that workforce development organizations can deploy to integrate financial security and asset-building strategies into the services offered customers. The section that follows provides examples of programs that have integrated these strategies, organized according to the five imperatives in the Household Financial Security Framework: learn, earn, save, invest and protect. The programs highlighted are meant to illustrate the scope of integration work that has taken place in a range of workforce settings across the country, rather than to be an exhaustive catalogue of all programs operating in this space. Appendix 2 includes a matrix of the workforce development programs featured in the following section and the strategies each has deployed.

Learn: Strategies to help individuals succeed in the financial marketplace
- Offer or partner to provide financial education
- Connect clients to financial coaching
- Train staff on financial empowerment strategies
- Provide or partner to provide small business training

Earn: Strategies to help individuals access benefits and tax credits
- Help individuals access public benefits
- Provide transportation, child care or emergency financial assistance
- Operate or refer students to a food pantry
- Connect individuals to free tax preparation services

Save: Strategies to connect individuals to the financial mainstream and encourage saving
- Connect clients to safe, affordable financial products
- Offer direct deposit in work experience programs
- Offer or partner to offer Individual Development Accounts

Invest: Strategies to prepare individuals to invest in long-term assets
- Help individuals repair credit
- Leverage the financial aid process to discuss financial planning

Protect: Strategies to protect individuals’ resources
- Connect individuals to low-cost insurance
- Help students assess college costs and benefits
- Assist students with loans in default

Figure 4. Examples of financial capability and asset-building strategies being offered by workforce development organizations featured in this report.
People need a wide range of knowledge and skills in order to successfully navigate job markets, manage their personal finances, and succeed in the labor, business and financial markets. They gain these skills through formal education (K-12, postsecondary education and beyond); financial education, counseling and coaching; and training on purchasing and maintaining assets (homeownership counseling or small business training).

The workforce development system is already providing one of the three legs of the stool: formal education and job-skills training. By adding financial education and counseling and asset-specific education to the menu of services offered students, they can also build students’ skills navigating their financial lives both while in training and once they are employed. There are several ways that a workforce development organization can provide financial education. It can offer financial education workshops or financial education classes for credit, or it can work with an asset-building organization to provide the classes for them.

Community colleges are taking a range of approaches to offer financial education. For example, Guilford Technical Community College in High Point, North Carolina, offers workshops on financial topics throughout the semester. These workshops, available several times a week, typically attract 15-20 participants per class. Central New Mexico Community College in Albuquerque initially offered non-credit financial education workshops, but then created a 12-week, three-credit-hour financial education course. The course was developed by the college’s business department and is now being offered in high schools across the state as well. Rather than teach the classes themselves, Des Moines Area Community College (DMACC) in Iowa uses an outside contractor, Iowans for Social and Economic Development (ISED), a well-known asset-building organization, to do so.

Community colleges also provide financial coaching and counseling, which, unlike financial education courses, are conducted one-on-one with the individuals and are tailored to their individual needs. At Skyline College in San Bruno, California, coaches meet with students who are part of the Grove Scholars program, a need-based student scholarship, to help them manage their scholarship awards and other household finances. DMACC contracts with ISED to provide financial coaching. As part of applying for training in DMACC’s Workforce Training Academy, students complete a needs assessment and receive a follow-up call from ISED offering financial coaching. Beginning in 2012, all students enrolling in the training academy are required to receive at least one financial coaching session.

Adult education providers, state workforce departments and local Workforce Investment Boards (WIBs) have also integrated financial education and counseling into their programming. For example, Casa de Maryland, a multi-service adult education and vocational training organization serving recent immigrants, provides financial literacy classes and training, as well as technical assistance for individuals interested in starting a small or cooperatively-owned business.

Workforce development organizations are partnering to provide and directly offering financial education workshops and classes for credit, as well as one-on-one counseling.

Similarly, case coordinators at Arizona Department of Economic Security (ADES) work with individuals enrolled in the Supplemental Nutrition Assistance Program (SNAP) to assess their needs and provide an array of services including financial counseling. Through a partnership between SNAP and the Arizona Integrated Basic Education and Skill Training program, ADES provides SNAP recipients basic education,
occupational training and addresses barriers such as homelessness, substance abuse or mental health issues. Case coordinators complete holistic assessments and help clients develop Individual Development Plans, which, when necessary, include financial counseling, financial literacy training, financial planning and other finance-related services. Partners include the state and local WIBs, the Arizona Commerce Authority and the Arizona Department of Education.¹⁶

Finally, the Workforce Development Council of Seattle-King County, which is the local WIB, offers training to the staff of its one-stop center, WorkSource Seattle King-County, on financial empowerment strategies such as credit and debt counseling and affordable financial products. The training is provided by the Seattle-King County Asset Building Collaborative (the Collaborative) and is targeted to case managers and supervisors at WorkSource, as well as other workforce development organizations, such as the Seattle Jobs Initiative. The objectives of the training are to create awareness about financial empowerment, provide information about resources in the community, and encourage referrals and relationships with the Collaborative. The Collaborative also created a comprehensive resource guide that the case managers can keep at their desks for quick reference when talking to a participant.¹⁷
Household income can come from wages, business profits, investment income or public benefits. One factor determining whether an individual can maximize his/her income potential is whether there are quality jobs or business/investment opportunities available in the community. However, maximizing income also depends on whether an individual has:

- The hard and soft skills to compete for and perform well on the job.
- Access to the benefits for which s/he qualifies.
- Knowledge and skills necessary to navigate and access available income opportunities.
- Reliable basic goods and services, such as food, housing, transportation, child care and medical care, so that s/he can consistently perform on the job or operate a business.

Through their training and employment-focused services, workforce development organizations already help students, customers or clients succeed in the workforce and gain skills that lead to higher-paying jobs. By also connecting individuals to tax credits and other public benefits and supports, these organizations can help students maximize the income and resources they currently have.

Community Colleges are an ideal setting for a variety of services that help individuals increase their income. A number of community colleges now screen students for benefits, provide scholarship funding, operate food pantries, provide assistance with child care and transportation, and operate or refer students to free tax preparation assistance.

For instance, Miami Dade College in Florida and Guilford Technical Community College (GTCC) in North Carolina offer programs that simplify the process of accessing benefits for eligible students. At the Miami Dade College Single Stop, coordinators use the Benefits Enrollment Network to conduct rapid screenings of students to see if they qualify for a cell phone, energy assistance, low- or no-cost health care, SNAP or Temporary Assistance for Needy Families (TANF). All students at three of the college’s eight campuses, as well as their family members, can access this service by contacting their campus Single Stop. Staff members then work with students to apply for programs via ACCESS Florida, an online portal operated by the state.

At GTCC, staff work with students to use the Benefit Bank, which helps them figure out the public assistance programs for which they might qualify. The programs covered by the Benefit Bank include child care, the Low-Income Home Energy Assistance Program, Medicaid, SNAP, TANF, Veterans Education, and other state and local programs such as rent rebates, prescription drug programs and access to food pantries.

Skyline College in California helps students meet basic needs with an onsite food pantry. The pantry is open to all students as well as other residents of the community. There is an income limit to qualify for the program, but it is implemented on an honor system. There are no limits on how frequently an individual can receive food. Skyline has seen that providing access to the food pantry for emergency food shortages frees up money for college tuition, fees, books and other living expenses. For low-income community residents, the food pantry may be the magnet that draws them to the campus for the first time.
Even seemingly minor financial benefits can make a significant difference. Central New Mexico Community College created a small scholarship, typically $200-300, to support students whose immediate financial needs could lead them to drop out of school. Des Moines Area Community College offers bus passes to help students get to and from school.

Free tax preparation also plays a critical role in helping students access the Earned Income Tax Credit and other tax credits that increase their tax refund, and thus the money they have for basic expenses and savings. Skyline operates a Volunteer Income Tax Assistance (VITA) site on campus for local residents who earn $50,000 or less annually. Students from Skyline’s accounting program provide the tax filing services. Phillips Community College of the University of Arkansas, located in Helena-West Helena, refers students to the VITA site operated by Southern Bancorp Community Partners, an asset development organization located just three miles from the college.

In a WIB setting, the Workforce Alliance of South Central Kansas in Wichita has found that offering assistance with child care and transportation, as well as assistance in paying for the training and education, helps students stay in the program and improve earnings. The Alliance operates the Kansas Health Professions Opportunity Project, a training program for nursing and allied health professions.
In order to save, families must, first and foremost, have income left over after they meet their basic needs—such as food, housing and transportation—and after they pay down their debts. They also need the know-how and budgeting skills to effectively manage their finances, credit and debt. Additionally, families need access to convenient, low-cost savings products—such as transaction and savings accounts and short-term credit products—as well as facilitating structures, such as direct deposit and automatic enrollment in retirement savings plans, which make savings easier.

The perception among many workforce development professionals is that because individuals enrolled in workforce programs either are not working or work just enough hours to cover their basic expenses, they do not have the resources to save. However, research also demonstrates that given the right incentives and support, very low-income people can and will save.\textsuperscript{23} Given limited resources, it is even more imperative that individuals have access to safe financial products, as well as a safety net of personal savings to fall back on.

All workforce development organizations can easily connect their clients to mainstream financial products; however, those organizations that directly employ their clients can also encourage them to direct-deposit their paychecks into a checking or savings account. One example is the \textit{San Francisco Mayor’s Youth Employment Program}, which partners with Mission SF Federal Credit Union to ensure that youth in the program open a bank account where their checks are direct-deposited. The accounts are set up so that part of each paycheck is transferred to a savings account.\textsuperscript{24}

KentuckianaWorks, a WIB for the Greater Louisville Region in Kentucky, operates the \textit{KentuckianaWorks College Access Center} (KCAC), a one-stop center focusing on college access. KCAC partners with Bank on Louisville, which offers the Start Fresh program in partnership with the Louisville Urban League. The program offers “second chance” accounts for those who have been denied new accounts due to negative banking histories and who are willing to participate in a certified financial education program.

\textit{New York City’s Department of Parks & Recreation} runs the Parks Opportunity Program (POP), which is a transitional jobs program that also provides employment services, classroom training and career counseling. In partnership with the New York City Office of Financial Empowerment (OFE), POP piloted offering free bank accounts—opened by an onsite banker—and an incentive to sign-up for direct deposit as part of the orientation process for participants. Half of the participants in the pilot were also offered access to free one-on-one financial counseling. Counseling appointments were scheduled by OFE, and participants received work credit and were paid for their time. Initial findings from an ongoing evaluation funded by the Treasury Department and conducted by The University of Wisconsin Center for Financial Security and CFED are showing increased take-up of bank accounts and direct deposit.

\textbf{Workforce development organizations are helping participants open bank accounts, promoting savings through IDAs and encouraging work experience program participants to direct-deposit their paychecks.}

In addition to facilitating access to regular bank accounts, workforce development programs can connect their low-income customers/students to special matched savings accounts, known as individual development accounts (IDAs). IDAs provide incentives to save because every dollar deposited into the account is matched up to a certain amount. Once the accountholder reaches his/her savings goal, s/he can use the savings and match funds to buy a home, start a business, pursue postsecondary education, or
purchase another type of asset. Since administering an IDA program requires additional resources to match a participant’s savings, some workforce development programs choose to refer their customers/students to an existing IDA program in their area. For example, Des Moines Area Community College refers students to the IDA program at Iowans for Social and Economic Development, which is offered in conjunction with the financial education and financial coaching described above.\(^{25}\) Central New Mexico Community College offers approximately 20 IDAs per year through a larger state program, but would like to increase that number if additional funding resources can be found.\(^{26}\)
In order to turn savings into an asset—such as a home, business or college education—households usually need to leverage debt financing (e.g., a mortgage or student loan) and/or access public supports (e.g., downpayment assistance) to augment savings or government loan guarantees. The ability to get financing often depends on having a good credit score. In addition, financial knowledge specific to an asset, such as small business budgeting or homeownership preparation, is also critical.

Within the workforce development arena, a common “asset goal” many individuals have is paying for their vocational training or higher education. Workforce development organizations can help prospective students achieve this goal by providing them with assistance on applications for student financial aid and guiding them on how to improve their credit scores to access loans.

The Free Application for Federal Student Aid (FAFSA) is the mechanism used to determine whether a student qualifies for a Pell Grant or other federal loans and grants. Colleges and other entities also use the FAFSA to determine eligibility for their own need-based loans and grants. The FAFSA can be difficult to complete for someone who is not familiar with financial language. KentuckianaWorks College Access Center and Central New Mexico Community College (CNM) coach students on how to fill out the FAFSA form. CNM also uses the discussion as an opportunity to engage in conversation about how students will budget their awarded funds.

The San Diego Workforce Partnership, whose funding initiatives are determined by the San Diego WIB, contracts with Maximizing Access to Advance Our Communities (MAAC) to improve the credit scores of individuals participating in a workforce training program in the health care sector. MAAC provides credit counseling to TANF recipients and other low-income individuals to help them establish or improve their credit scores, which can help them access affordable financing.
Households need to guard against loss of income and assets, extraordinary costs and harmful, discriminatory or predatory practices in the marketplace. Financial setbacks due to these factors can be substantially diminished or even avoided if households have access to adequate, affordable and fairly-priced insurance—such as health, unemployment, disability, property and life insurance—as well as if they have consumer protections from discriminatory, deceptive or predatory financial products and practices. Workforce development organizations, particularly community colleges, are well positioned to help students protect their assets. Community colleges can provide students with access to insurance products, educate them about ways to avoid predatory loan terms and conditions, and counsel students on the costs and benefits of attending a for-profit college.

At Skyline College, financial coaches help students access the California Low-Cost Auto Insurance program, which provides basic liability insurance for individuals who are at least 19 years old, have a good driving record, own a vehicle valued at $20,000 or less (without any loans) and have an income below 250 percent of the federal poverty line.

As part of the FAFSA process described in the previous section, Central New Mexico Community College educates students about loan terms, discusses future loan payment amounts and determines if future earnings will be enough to pay back a loan. As part of KentuckianaWorks' assistance to students, they provide counseling on how to rehabilitate student loans that are in default.

Workforce development programs can further assist individuals in protecting their income and assets by making students aware of the pitfalls of predatory lending products such as payday loans, auto-title loans and rent-to-own stores, and counseling them about the costs and benefits of attending a public college or university instead of an expensive for-profit school. Additionally, the Affordable Care Act means more health insurance options will soon be available in most states, providing an opportunity to connect students to expanded Medicaid programs or subsidized health insurance through state and federal health care exchanges.
While there are many examples of workforce development organizations that successfully integrate financial strategies into their programs and services, policy barriers at the state and federal levels have prevented widespread implementation of these strategies. The following relatively simple and affordable policy recommendations would encourage more organizations to integrate financial security and asset-building strategies to better support the needs of their constituents.

**State and Local Policy**

**Integrate Financial Education into WIA One-Stops.** There are a number of ways that state or local WIBs can integrate financial education into the WIA system.

- Under core services (which are available to all job seekers, and can include skills assessments, self-service access to job listings, information about careers and local labor market conditions, and limited staff assistance with job search activities), one-stops can make space available to financial education providers and list financial education workshops in catalogs of services.

- State WIBs can encourage local areas to make financial education widely available by requiring local WIBs to include financial education (referred to as financial literacy in WIA) in their local plans. State WIBs should promote financial education resources that are endorsed by the national one-stop centers office, including the Money Matters curriculum and the National Foundation for Credit Counseling (NFCC).

- One-stop career centers should advertise the online chat-based credit counseling service offered by NFCC, and materials produced by the federal Financial Literacy and Education Commission, including the Commission’s self-guided courses.

- State WIBs can create a directory of local resources for financial education that local WIBs and one-stops can use for partnering purposes. Alternately, local WIBs could create such directories independent of the state WIB.

- State WIBs can include financial literacy in the list of intensive services that local one-stops offer in their WIA state plans.

Each of these policy changes can be made at the discretion of a state or local WIB or local One-Stop, avoiding the need for a legislative change.

**Simplify and Coordinate Public Benefits Programs.** Local, state and federal governments offer an array of income supports and services to low-income families. Together, these programs provide families a safety net to weather economic hardships, a means to stabilize income and the services that put them on a path to financial security. However, programs in this patchwork “system” are often not coordinated with one another and rules for eligibility and processes for enrollment are not consistent across programs. This unnecessary complexity results in confusion, inefficiency and, ultimately, the underutilization of valuable supports and services. Depending on the program, either a state or local agency can take steps to simplify and coordinate public benefits by:

- Reducing paperwork requirements, eliminating complicated and unnecessary rules, and streamlining the intake and enrollment process through use of technology.

- Coordinating benefits across programs by aligning eligibility criteria and sharing data between programs.

**Require Community Colleges to Participate in the Federal Student Loan Program.** Safe and affordable student loans—along with grants and scholarships—are a critical component of a financial aid package. Federal student loans are the safest and most affordable type of student loan available. Without access to these loans, students often resort to more risky and expensive loan options, or drop out altogether because they are unable to cover expenses.

Yet in most states, community colleges may “opt out” of participating in the federal loan program. According to the Institute for College Access and Success,
approximately nine percent of community college students nationally are enrolled in institutions not participating in the federal loan program. That share increases to 16.4% for African-American students and 18.5% for Native American students, the two groups least likely to have federal loan access. Community colleges generally give two reasons for opting out of the federal loan program: (1) an assumption that students will not repay their loans, which might affect the college’s reputation and access to federal grant aid, or (2) the perception that their students do not need to borrow. Research has demonstrated that neither of these concerns is valid.\(^5\) States can require that all community colleges in the state participate in the federal William D. Ford Stafford Loan Program to ensure that every student has access to safe and affordable loan options to finance the cost of their education.

### Federal Policy

**Ensure Job Seekers Know About and Have Access to Federal Resources for Financial Education.** In 2001, the U.S. Department of Labor (DOL) Employment and Training Administration sent a Guidance Letter to all state workforce agencies recommending that they offer the new Money Matters financial education curriculum developed jointly by DOL and the Federal Deposit Insurance Corporation. This letter also established that financial education courses are acceptable educational activities for job seekers who want to continue receiving Unemployment Insurance (UI) benefits.

DOL should build on the 2001 guidance by recommending strategies to boost participation rates:

- DOL should issue a Guidance Letter recommending that WIBs inform all unemployed workers receiving UI benefits about financial education opportunities. The letter should include strategies for making UI recipients aware that financial education courses count as educational activities, such as direct mailings with information on how to access available resources.

- DOL should encourage WIBs to partner with local organizations that have experience providing intensive financial education courses to local residents.

**Continue to Fund and Improve Matched Savings Programs.** Given that Workforce Investment Act funding for skills training is constrained, other sources of federal funding for training should be maximized. One of those sources is the Assets for Independence Program (AFI), which funds Individual Development Accounts (IDAs) that individuals can use to accelerate savings for post-secondary education and training. Congress should reauthorize and improve the Assets for Independence Act. Previously funded at $24 million per year, AFI is the largest source of federal funding for matched savings accounts or IDAs. Congress should reauthorize the Assets for Independence Act and incorporate important improvements into AFI that would:

- Lower the non-federal matching funds requirement from 100% to 50% of federal funds. State budget crises and the challenging economic environment have made it more difficult to raise the necessary local match. Allow tribes and local governments to apply for AFI grants independently.

- Simplify eligibility guidelines by allowing households to qualify if their income is either below 80% of area median income or below 200% of the federal poverty level.

- Raise the maximum match amount that participating families can receive from $2,000 to $5,000 for single AFI participants and from $4,000 to $10,000 for married couples.

Congress should also allow Community Service Block Grant (CSBG) and TANF funds to count as nonfederal matching funds for AFI grants. This change would ease the fundraising burden on AFI grantees. Such a policy would bring CSBG into alignment with Community Development Block Grant funding from the Department of Housing and Urban Development, which allows local jurisdictions to use funds to meet nonfederal match requirements for a variety of federal programs, including AFI.
This guide makes the case for integrating financial security and asset-building strategies into a range of workforce development settings. Increasingly, programs are being required to meet tough performance standards, and the research shows that inclusion of these strategies increases the likelihood that they will meet and exceed their goals.

The options for providing these services fall along a continuum. Workforce development organizations can refer participants to other providers, they can bring the providers on campus or on-site to deliver the services, or they can provide the services themselves. Examples of all of these options, as well as the menu of possible services, are described throughout this paper.

Finally, there is increasing interest from private and public funders in supporting strategies that work across program silos to effectively move individuals and families into the economic mainstream. This interest provides a catalyst for taking action now.
To learn more about the examples featured in this guide, please visit their websites:

■ **Workforce Investment Act One-Stops and Partners:**
  - Workforce Development Council of Seattle-King County ([http://seakingwdc.org/](http://seakingwdc.org/))

■ **Community Colleges:**
  - Central New Mexico Community College ([http://www.cnm.edu/](http://www.cnm.edu/))
  - Des Moines Area Community College ([http://www.dmacc.edu/](http://www.dmacc.edu/))
  - Guilford Technical Community College ([http://www.gtcc.edu/](http://www.gtcc.edu/))
  - Phillips Community College ([http://www.pccua.edu/](http://www.pccua.edu/))
  - Skyline College ([http://skylinecollege.edu/](http://skylinecollege.edu/)) and the Skyline College SparkPoint Center ([http://www.skylinecollege.edu/sparkpoint/services/](http://www.skylinecollege.edu/sparkpoint/services/))

■ **Other Programs:**
  - Casa de Maryland ([http://casademaryland.org/](http://casademaryland.org/))
  - New York City’s Department of Parks & Recreation Parks Opportunity Program ([http://www.nycgovparks.org/opportunities/jobs/pop](http://www.nycgovparks.org/opportunities/jobs/pop))
  - SparkPoint Centers ([http://sparkpointcenters.org/about](http://sparkpointcenters.org/about))
APPENDIX 1: EXAMPLES OF FINANCIAL CAPABILITY AND ASSET-BUILDING STRATEGIES BEING OFFERED BY WORKFORCE DEVELOPMENT ORGANIZATIONS FEATURED IN THIS REPORT

| LEARN: Strategies to help individuals succeed in the financial marketplace | Guilford Tech | Phillips | Central NM | Des Moines Area | Skyline | Miami Dade Single Stop | Casa de MD | South Central KS | Kentuckiana Works | MAAC | Seattle WDC | SF Youth | AZ Dept. of Econ. Security | NYC POP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Offer or partner to provide financial education | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Connect clients to financial coaching | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Train staff on financial empowerment strategies | | | | | | | | | | | | | | | |
| Provide or partner to provide small business training | | | | | | | | | | | | | | | ✔ |

| EARN: Strategies to help individuals access benefits and tax credits | Guilford Tech | Phillips | Central NM | Des Moines Area | Skyline | Miami Dade Single Stop | Casa de MD | South Central KS | Kentuckiana Works | MAAC | Seattle WDC | SF Youth | AZ Dept. of Econ. Security | NYC POP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Help individuals access public benefits | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Provide transportation, child care or emergency financial assistance | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Operate or refer students to a food pantry | ✔ | | | | | | | | | | | | | | |
| Connect individuals to free tax preparation services | ✔ | | | | | | | | | | | | | | |

| SAVE: Strategies to connect individuals to the financial mainstream and start saving | Guilford Tech | Phillips | Central NM | Des Moines Area | Skyline | Miami Dade Single Stop | Casa de MD | South Central KS | Kentuckiana Works | MAAC | Seattle WDC | SF Youth | AZ Dept. of Econ. Security | NYC POP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Connect clients to safe, affordable financial products | | | | | | | | | | | | | | | ✔ |
| Offer direct deposit in work experience programs | | | | | | | | | | | | | | | ✔ |
| Offer or partner to offer Individual Development Accounts | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |

| INVEST: Strategies to prepare individuals to invest in long-term assets | Guilford Tech | Phillips | Central NM | Des Moines Area | Skyline | Miami Dade Single Stop | Casa de MD | South Central KS | Kentuckiana Works | MAAC | Seattle WDC | SF Youth | AZ Dept. of Econ. Security | NYC POP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Help students repair credit | | | | | | | | | | | | | | | ✔ |
| Leverage the financial aid process to discuss financial planning | | | | | | | | | | | | | | | ✔ |

| PROTECT: Strategies to protect individuals’ resources | Guilford Tech | Phillips | Central NM | Des Moines Area | Skyline | Miami Dade Single Stop | Casa de MD | South Central KS | Kentuckiana Works | MAAC | Seattle WDC | SF Youth | AZ Dept. of Econ. Security | NYC POP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Connect individuals to low-cost insurance | | | | | | | | | | | | | | | ✔ |
| Help students assess college costs and benefits | | | | | | | | | | | | | | | ✔ |
| Assist students with loans in default | | | | | | | | | | | | | | | ✔ |
APPENDIX 2: INTEGRATED SERVICE DELIVERY CENTERS

Integrated Service Delivery (ISD) Centers help community residents access supports and services to achieve greater financial well-being by co-locating multiple organizations’ staff and resources at convenient “one-stop shops.” ISD Centers integrate workforce development services—such as educational offerings; occupational training; job search, placement and retention supports; and basic education—with financial, asset-building and income-support programs. The three main models for ISD centers are Centers for Working Families, Financial Opportunity Centers and SparkPoint Centers.

Pioneered by the Annie E. Casey Foundation in 2002, Centers for Working Families (CWF) integrate a range of services:

- Employment and career advancement services
- Income and work supports (e.g., public benefits screening, assistance with benefit applications and submission)
- Tax assistance services (e.g., helping students apply for the Earned Income Tax Credit)
- Financial services and asset-building supports (e.g., financial education—household budgeting, improving personal credit, setting long-term goals; one-on-one financial coaching; computer access and training—to monitor and track spending, changes in one’s credit rating, and savings; and access to affordable, fairly priced financial products, e.g., flexible checking accounts, low-cost loans, savings accounts and first-time homebuyer financing).

Originally housed in community-based programs, the CWF model has expanded to include community colleges. Ten community colleges from across the country are working to integrate CWF strategies into their work. Examples from four of these colleges are interwoven into this guide: Central New Mexico Community College in Albuquerque; Des Moines Area Community College; Guilford Technical Community College in High Point, North Carolina; and Phillips Community College of the University of Arkansas in Helena-West Helena.

Developed by the Local Initiatives Support Corporation (LISC) and originally supported by the Casey Foundation, Financial Opportunity Centers are a direct descendent of the Centers for Working Families model. Several LISC sites continue to refer to themselves as Centers for Working Families, while others have adopted the name Financial Opportunity Centers. Like CWFs, FOCs help low-income people increase earnings and reduce expenses by offering employment and training services, income supports, and financial services and tools. Currently there are 65 Centers in 17 cities or metro areas: Boston, Chicago, Cincinnati/Covington, Detroit, Duluth, Grand Rapids/Kalamazoo/Battle Creek, Houston, Indianapolis, Kansas City, Milwaukee, Minneapolis/St. Paul, Newark, Oakland/Richmond/San Jose, Philadelphia, Providence/Woonsocket, San Diego and Toledo.

Finally, created in partnership with the United Way of the Bay Area in California, SparkPoint Centers offer financial education services for individuals and families who are struggling to make ends meet. SparkPoints focus on three areas: increasing income, managing credit, and building savings and assets. Currently, there are 10 SparkPoint Centers in California, one of which is housed within Skyline College in San Bruno, California, highlighted in this guide. In partnership with an array of local organizations, the SparkPoint Center provides many of the same career, income-support and financial services that the Centers for Working Families and Financial Opportunity Centers offer. However, some unique services include providing students access to low-cost auto insurance, a food pantry that is open three afternoons a week, Individual Development Accounts, low-fee prepaid debit cards and “second chance” bank accounts for those who have been denied an account.


10 See California’s Higher Education budget at http://www.ebudget.ca.gov/BudgetSummary/BSS/


12 See https://www.workforce3one.org/view/213092425670574870/info to download the 2009 Directory of Foundation Workforce Grant Opportunities.


15 Ibid.

27 Ibid.
30 See the Center on Budget and Policy Priorities report, “Improving the Delivery of Key Work Supports: Policy & Practice Opportunities at a Critical Moment” for successful models of coordination.
About CFED

CFED empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people. Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, DC; Durham, North Carolina; and San Francisco, California.