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# **Integrating Financial Capability and Asset Building Strategies into the Public Workforce Development System**

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# Integrating Financial Capability and Asset Building Strategies into the Public Workforce Development System

## Executive Summary

While employment is critical to attaining a stronger economic future for American workers, the development of financial capability strategies related to personal savings, asset building, managing credit, and individual budgeting are critical for sustaining financial security. This security in turn, helps individuals achieve employment outcomes.

Workforce development customers may face a number of challenges related to financial capability that impede their ability to find or maintain a job. For example: (1) A credit report with red flags may prevent a customer from being hired by one of the many employers who consider the applicant's credit history when hiring.<sup>1</sup> (2) Customers who cannot withstand a financial emergency may have difficulty staying on track with their career goals. (3) Some customers may fear wage garnishments to pay off debts. (4) Customers may worry that the income they earn from working will reduce their public benefits and they will be left in an economically worse condition. Financial capability strategies can address these issues while offering customers a roadmap to increased financial health.

Financial capability refers to possessing the financial knowledge necessary to confidently take effective action that best fulfills an individual's personal, family and global community goals.<sup>2</sup> Financial capability combines financial literacy, individual budgeting and financial planning, credit and debt management, emergency savings, longer term asset building strategies, access to mainstream banking and loan options, tax assistance, and informed financial choice to achieve financial stability and growth, and to leverage opportunities.

American Job Centers (AJCs) are uniquely positioned to extend the promise of financial stability to prospective job seekers and workers with disabilities by serving as a bridge to accessing accurate informational resources and successful strategies to assist in improving one's financial capability. Through collaborative efforts with other federal agencies, Workforce Innovation and Opportunity Act (WIOA) mandated partners, community-based organizations, local asset building programs, and the financial services sector, America's workforce development system can leverage the power of partnerships to facilitate access to financial capability services for their customers within American Job Centers and in the broader community.

The new WIOA offers State Workforce Development Boards (S/WDBs), local AJCs, and youth service providers the opportunity to play a critical role in ensuring that youth and adults, with and without disabilities, have the chance to develop critical financial literacy and financial capability skills that enhance their ability to attain and maintain employment and turn their work into economic stability.

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<sup>1</sup> According to the Society for Human Resource Management (SHRM), nearly 50% of employers check an applicant's credit report when hiring. See SHRM, Background Checking – The Use of Credit Background Checks in Hiring Decisions (July 19, 2012), available at <http://www.shrm.org/research/surveyfindings/articles/pages/creditbackgroundchecks.aspx>.

<sup>2</sup> Definition as provided by the National Council on Financial Educators (<http://www.financialeducatorsCouncil.org/>).



This paper describes some of the replicable models that AJCs have established to provide financial capability services including:

- Integrating financial questionnaires into their intake process to identify the services needed
- Referring customers to existing community services
- Facilitating financial education, financial coaching, and credit and debt management
- Work incentive counseling
- Providing support for free tax preparation so community members can take full advantage of the Earned Income Tax Credit and other favorable tax provisions without spending their resources on professional tax preparation services.

## Background

The U.S. Department of Labor's (DOL's) Strategic Plan for Fiscal Years 2014-2018 offers a vision and roadmap for "promoting and protecting opportunity for all workers and their dependents."<sup>3</sup> As Secretary of Labor Thomas E. Perez explained, "In the coming years, the Department will play a critical role in President Obama's effort to build an economy of opportunity, where all Americans who work hard and act responsibly have the opportunity to reach and remain in the middle class."<sup>4</sup>

For many Americans, this goal is elusive. One-third of American households either go further into debt each month or live paycheck to paycheck without an adequate financial safety net to allow them to weather emergencies. Working age adults with disabilities are even more likely to face this pressure, with 58% reporting that they struggle just to get by.<sup>5</sup>

Assets such as a home or business, savings accounts, and retirement accounts are critical for financial stability and economic security. They provide short- and longer-term stability in case of job loss and help individuals cope with medical emergencies and unexpected expenses. Research indicates that accumulating assets increases economic stability and long-term planning, encourages educational attainment, reduces intergenerational poverty, and increases civic engagement.<sup>6</sup>

Individuals and families with few assets may lack the ability to meet unexpected expenses and have limited access to mainstream financial services. If a crisis occurs, they may turn toward high cost predatory lending options such as payday loans, pawn shops, or tax refund anticipation loans, creating a cycle of debt and instability.

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<sup>3</sup> United States. Department of Labor. *Strategic Plan Fiscal Years 2014-2018* Washington, 2014.

<sup>4</sup> U.S. Department of Labor, 2014.

<sup>5</sup> Harris Interactive (2010). THE ADA, 20 Years Later: Kessler Foundation/NOD Survey of Americans with Disabilities. New York: Harris Interactive. <http://2010disabilitysurveys.org/octsurvey/pdfs/surveyresults.pdf>

<sup>6</sup> Parish, et. al, 2010.



## Economic Stability and Employment

The relationship between economic stability and employment is circular. While employment can reduce financial instability, instability may make it more difficult for job seekers to get jobs for the following reasons:

- *Employers are increasingly using credit reports as a means to screen job applicants.* A recent study revealed that nearly half of employers check an applicant's credit history when hiring. Employers report that they use credit information to evaluate an applicant's proclivity for theft or embezzlement, and to reduce legal liability for negligent hiring.<sup>7</sup> However, a recent US Department of Labor Training and Employment Guidance Letter ([TEGL No 11-14](#)) highlighted significant limitations of this approach and its disparate impact based on race, national origin, sex, and disability.<sup>8</sup> Nevertheless, people with outstanding debt that they cannot manage or who have no credit face decreased chances of finding jobs and, in turn, improving their economic situation.<sup>9</sup>
- *Job Seekers who cannot withstand a financial emergency may have difficulty staying on track with their career goals, including searching for or maintaining a job.* A financial emergency could lead to people exiting training or education programs prematurely, or not having sufficient time to do an adequate job search.
- *Job applicants who lack a stable address may be more difficult to hire.* Application forms tend to request a permanent address, and the absence of a stable address makes it more difficult for employers to locate and communicate with the applicant.
- *Job Seekers may be concerned that their earnings will be garnished.* AJC customers could be hesitant to make an all-out effort to find a job where their income will be reported because of concerns that their earnings may be garnished to pay for outstanding debts.
- *Job Seekers may be concerned that any increase in their reported income will lead to a reduction in public benefits.* Means tested benefits can be reduced or even discontinued as customers start earning more money, which under some circumstances could mean that taking a job will leave them economically worse off, especially if the costs of work (e.g., transportation and wardrobe) are considered.

Financial instability may also make it difficult for an employee to maintain employment. Under WIOA, core programs will report unsubsidized employment outcomes six and twelve months after program exit giving AJCs additional responsibility to help customers succeed in their jobs.

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<sup>7</sup> SHRM, Background Checking – The Use of Credit Background Checks in Hiring Decisions (July 19, 2012), available at <http://www.shrm.org/research/surveyfindings/articles/pages/creditbackgroundchecks.aspx>

<sup>8</sup> U.S. Department of Labor (Oct 17, 2014). Training and Employment Guidance Letter No. 11-14 [http://wdr.doleta.gov/directives/corr\\_doc.cfm?docn=9442](http://wdr.doleta.gov/directives/corr_doc.cfm?docn=9442)

<sup>9</sup> Traub, Amy. 2013. Discredited: How Employment Credit Checks Keep Qualified Workers Out of a Job. New York, NY: Demos.

- *Financial insecurity and stress reduces worker productivity and increases absenteeism.* Research indicates that financial stress spills into work life. Employees with higher levels of financial stress tend to be less committed to their organization and are more frequently absent from work.<sup>10</sup>
- *Wage garnishments can put additional stress on the employment relationship.* Garnishments from credit card debt, unpaid medical bills, student loans, unpaid taxes, child support payments, and other debts can put stress on the employer and employee. Employers are legally bound to comply with a wage garnishment by making the proper deductions from an employee's pay and sending payments directly to the creditor. Employees may be embarrassed by the garnishment because it means their employer is aware of their financial situation. While it is against the law for an employer to fire an employee whose wages are garnished once, the protection may not extend to multiple judgments.
- *Lack of a bank account creates challenges for both employer and employee.* Depending on state law, employers can require their employees to receive payments via direct deposit and three-quarters of employees in the US receive their paychecks this way.<sup>11</sup> In addition to being unable to participate in direct deposit, unbanked employees may lose a portion of each paycheck to expensive check cashing services.

## Improving Financial Capability

In recent years, public and private sector organizations have developed strategies to help lower-income populations improve their “financial literacy” and “financial capability” in order to better manage their financial lives, build and preserve assets, and reduce their economic vulnerability.

These activities are a blend of services and supports that help advance economic self-sufficiency for low-income job seekers, including individuals with disabilities. These activities include: financial education; tax filing assistance and access to beneficial tax credits and other provisions; use of Social Security work incentives and individual development accounts (IDAs); and coordination with other savings programs including family self-sufficiency, college savings accounts, and home and small business ownership assistance.

The need for financial capability training is widespread. Four of five adults say they could benefit from the advice of a professional on everyday financial decisions; 41% give themselves a grade of C, D, or F on personal finance; 61% do not have a budget; and 24% are not paying their bills on time.<sup>12</sup>

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<sup>10</sup> Kim, Jinhee, Garman, E.T. (2003). Financial Stress and Absenteeism: An Empirically Derived Model. *Financial Counseling and Planning* 14(1):31-42 <http://www.afcpe.org/assets/pdf/vol1413.pdf>

<sup>11</sup>NACHA-The Electronic Payment Association (2014) Direct Deposit via ACH-A Tool to Help Employees Save. <https://www.nacha.org/news/direct-deposit-ach-%E2%80%93-tool-help-employees-save>

<sup>12</sup> Harris Poll (2014) *The 2014 Consumer Financial Literacy Survey*. Prepared for the National Foundation for Credit Counseling. Available at [http://www.nfcc.org/NewsRoom/FinancialLiteracy/files2013/NFCC\\_2014FinancialLiteracySurvey\\_datasheet\\_and\\_key\\_findings\\_031314%20FINAL.pdf](http://www.nfcc.org/NewsRoom/FinancialLiteracy/files2013/NFCC_2014FinancialLiteracySurvey_datasheet_and_key_findings_031314%20FINAL.pdf)



This issue is even more pressing for adults with disabilities who may face additional challenges stemming from their use of public benefit programs, high health care costs, complicated tax issues, and discriminatory practices.

The federal government has committed resources to advancing greater economic stability for working families. The Consumer Financial Protection Bureau (CFPB) was created in 2011 to focus on establishing and enforcing consumer financial protection laws, handling consumer complaints, researching consumer financial behavior, and conducting financial education programs. This agency joined the U.S. Department of Treasury, the Federal Deposit Insurance Corporation (FDIC), the U.S. Department of Health and Human Services, and others in providing education and services to expand awareness, knowledge, and skills in managing financial resources more effectively.

In addition, federal government programs, state and local government agencies, and a large number of private and non-profit sector entities have also implemented financial capability initiatives. In many localities, government, non-profit, and private sector organizations have formed coalitions that address community needs and provide a range of financial capability services.

Workforce Development Boards and AJCs, while primarily focused on helping customers find good jobs, are uniquely positioned to provide or facilitate financial literacy programs. The workforce system touches people at a time of transition when financial capability strategies are particularly relevant.

The workforce development system can play an important role in coordinating and complementing the financial capability activities of these other agencies for people with and without disabilities. The workforce system can capitalize on existing collaborations and expand collaborations with employers, other public agencies, institutions of higher education, the financial services sector, local financial capability programs, and other community-based organizations. The recently enacted Workforce Innovation and Opportunity Act ([PL-113-28](#)) can help advance this goal. Research evidence suggests that integrating financial counseling into job training programs can be an effective practice.<sup>13</sup>

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<sup>13</sup>Corporation for Enterprise Development (CFED) for the US Department of the Treasury. Research Brief: Financial Counseling and Access for the Financially Vulnerable--Is financial counseling for participants in a job training program effective? <http://www.treasury.gov/resource-center/financial-education/Documents/Research%20Brief%20%20Financial%20Counseling%20and%20Account%20%20Access%20for%20the%20Financially%20Vulnerable.pdf>



## What are Financial Literacy, Financial Capability, and Asset Development?

### Overview

Although the terms “financial literacy,” “financial capability” and “asset development” have different origins and slightly different meanings, they are generally used synonymously.

People who are economically vulnerable may face a complex set of barriers and require a variety of services to improve their financial condition. Thus, the asset building field encompasses a range of services that vary in terms of their content, delivery method, and target audience.

The services include increasing access to public benefits and tax credits; connecting people to mainstream bank accounts, encouraging savings, building credit, and supporting home and business-ownership, as well as protecting people from predatory practices.<sup>14</sup> Financial capability services include the following:

- *Financial education:* Financial education programs cover topics such as budgeting, using mainstream financial products, recognizing and avoiding abuse practices, saving, managing credit, reducing debt, and accessing available tax credits. Several federal government agencies have developed financial education products that are free to use: [Your Money, Your Goals](#) from the CFPB, [Mymoney.gov](#) from the Federal Financial Literacy and Education Commission (FLEC), and [MoneySmart](#) from the FDIC.
- *Financial counseling and coaching services:* These services cover the same topics as financial education, but are tailored to one-on-one interaction to address individual needs.
- *Tax credits and filing assistance:* Low income working families may qualify for tax credits such as the Earned Income Tax Credit and the Child and Dependent Care Credits. Some asset building programs provide free tax preparation services through the [Volunteer Income Tax Assistance](#) (VITA) program run by local area agencies in conjunction with the Internal Revenue Service (IRS), which can help qualifying low-income individuals claim these benefits.
- *Credit and debt management:* Designed to help people reduce debt and improve their credit reports, these services may include checking a credit history and helping families access low-risk and low-cost debt (such as a low-interest loan for college education or a secure credit card) and avoiding debt with high interest rates and fees (such as high-interest credit cards and payday loans).

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<sup>14</sup> The list is derived from CFED (2015) *Building Financial Capability: A Planning Guide* [http://cfed.org/knowledge\\_center/resource\\_directory/](http://cfed.org/knowledge_center/resource_directory/) for *Integrated Services*. <http://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>



- *Access to federal and state benefits:* While a long-term goal of financial capability is to reduce the need for benefits, many families require support in the short-term. Low-wage workers can receive thousands of dollars in additional income, in-kind support, and services through federal and state programs such as the Supplemental Nutrition Assistance Program (SNAP), the Low Income Home Energy Assistance Program (LIHEAP), housing assistance, child nutrition programs, and PELL grants, which are sometimes underused.
- *Access safe and affordable financial products:* In order to help families avoid the high cost associated with predatory financial practices such as check cashing services, pawn shops, pay day and car title lenders, programs may work with customers to help them open checking and savings accounts, use direct deposit, manage credit cards, and use available financial products such as Individual Development Accounts or retirement and money market accounts.
- *Establish savings mechanisms:* Some programs help customers establish Individual Development Accounts, matched savings accounts supported by the [Assets for Independence Program](#) in the U.S. Department of Health and Human Services (HHS), which are run by local nonprofits and government agencies.

### Financial Capability Issues Specific to People with Disabilities

In addition to the general need for financial capability, people with disabilities often have other specialized needs.

- *Social Security Disability Work Incentive Counseling:* Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) can pose financial planning challenges for the roughly 13 million people with disabilities receiving benefits from one or both programs.<sup>15</sup> The programs limit the amount a participant can earn or save without losing some or all of their benefits. However, both programs offer some flexibility. For example:
  - SSI eligibility is restricted to people with few assets; increasing assets may put cash benefits at risk. However, SSI recipients can take advantage of work incentives to mitigate these challenges. For example, they can deduct “Impairment-Related Work Expenses (IRWE)” or accumulate assets using a “Plan to Achieve Self Support (PASS)” or “Property Essential to Self Support (PESS).” However, few beneficiaries participate in these savings vehicles and they remain underutilized and not well understood.
  - SSDI beneficiaries are not subject to asset limits. However, earnings above “Substantial Gainful Activity” (\$1,090 in 2015 for people who are non-blind; \$1,820 for people who are blind) can put their benefits at risk. Trial work periods, extended

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<sup>15</sup>U.S. Social Security Administration (2013). SSI Annual Statistical Report, 2012. Table 15  
[http://www.ssa.gov/policy/docs/statcomps/ssi\\_asr/2012/index.html](http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2012/index.html)

periods of eligibility, and the continuation of Medicare coverage can be used to minimize the risk.

The Social Security Administration (SSA) funds Work Incentive Planning and Assistance (WIPA) projects in each state to provide free in-depth counseling to SSI and SSDI beneficiaries about working and increasing earnings. This counseling addresses the use of work incentives and how different financial decisions may affect their benefits. AJCs can identify the local WIPA by going to <http://www.chooseworkttw.net/findhelp/> and choosing “Benefits Counseling (WIPA)” as the provider type.

- *Managing public benefit programs:* Almost two-thirds (65%) of working-age adults with disabilities received benefits from at least one of 15 major public income, food, health insurance, and housing support programs, compared with 17% of their nondisabled counterparts. Many participate in multiple programs.<sup>16</sup> Benefits, such as housing and child care assistance, health care, and nutrition, can facilitate the process of returning to work. However, some programs, such as Temporary Assistance to Needy Families (TANF), Medicaid and SNAP have rules that are perceived to limit asset accumulation. These rules vary by program and state. Therefore, accurate information can help individuals maximize their savings without putting their benefits at risk. People with disabilities may be particularly concerned about obtaining or maintaining affordable health care that meets their specific acute and long-term needs.
- *Using available savings mechanisms:* The [Achieving a Better Life Experience \(ABLE\) Act](#) enacted in 2014 allows people with disabilities (with an age of onset up to 26 years old) and their families the opportunity to create a tax-exempt savings account that will not affect their eligibility for SSI, Medicaid and other public benefits. People with disabilities may need to be made aware of this new program and advised on how to best use the opportunity to maintain health, independence and quality of life.
- *Paying for assistive technology and adaptive equipment:* The various sources of funding for assistive technology are fragmented and can be difficult to navigate.<sup>17</sup> People with disabilities may need assistance navigating the financing alternatives or developing a strategy to save enough money to cover the cost since, in many cases, individuals may need to pay for the equipment, either in part or in full.
- *Accessible online and in-person financial education programs:* People with disabilities may have visual, hearing, motor, or cognitive issues that affect their ability to participate in financial literacy programs unless the programs are designed or adapted to address these needs. For example, customers may need barrier-free physical access, auxiliary aids to ensure effective communication (large print or Braille materials, audio recordings or materials in electronic format), sign language interpreters, extended appointment

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<sup>16</sup> Houtenville AJ, Brucker DL (2013) Participation in safety-net programs and the utilization of employment services among working-age persons with disabilities. *Journal of Disability Policy Studies*.

<sup>17</sup> Goodman, N., Stapleton, D., Livermore, G., & O'Day, B. (2007). *The health care financing maze for working age people with disabilities*. Ithaca, NY: Rehabilitation Research and Training Center on Disability Demographics and Statistics, Cornell University, Ithaca, NY.



times, a service animals welcome policy, quiet areas with few distractions, allowing tape recording of meetings or classes, or other accommodations.

## A New Opportunity: Financial Capability in the Workforce Innovation and Opportunity Act

The enactment of WIOA in July 2014 provides new opportunities for the workforce development system to participate in financial literacy activities. The purpose of WIOA is not only to support a comprehensive, accessible, and high quality workforce development system, but also to increase worker and employer prosperity, and increase self-sufficiency. To these ends, the legislation includes several provisions that focus on financial literacy for youth and adults with and without disabilities.

Under WIOA, each state receives a federal funding allotment out of which the state can reserve up to 15 percent for statewide activities allowable under the law, with the remainder distributed to local Workforce Development Boards (WDBs) based on a prescribed formula. The WDBs use the formula grants to contract for youth programs and AJCs which are, in turn, required to provide the set of services specified in the federal law and regulation. WIOA includes financial literacy as an allowable state-wide activity and as a one of the services that youth providers and AJCs are required to offer:

- **Statewide Activities:**
  - *Youth:* Section §129(b) describes “required” and “allowable” statewide youth activities using “funds reserved by the governor” §129(b)(2)(D), which specifies that financial literacy for youth is one of the five allowable activities and defines what is included under the term “financial literacy” (see text box on the next page).
  - *Adults:* Section §134(a)(3) specifies that funds reserved by the governor may be used for “activities to improve coordination of employment and training activities with financial literacy activities.”
- **Services:**
  - *Youth Program Elements:* Section §129(c)(2) includes financial literacy education as one of 15 elements that youth programs shall provide, “In order to support the attainment of a secondary school diploma or its recognized equivalent, entry into postsecondary education, and career readiness for participants.”
  - *Adult Career Services:* Section 134(c)(2)(xii) includes financial literacy on its list of 11 specific services that should be provided “if determined to be appropriate in order for an individual to obtain or retain employment,” including, for example, specialized assessments, development of an individual employment plan, career planning and counseling, prevocational services, and financial literacy services.” (PL 133-128 §134(c)(2)(A)(xiii))

**SEC. 129. [Youth]-USE OF FUNDS FOR YOUTH WORKFORCE INVESTMENT ACTIVITIES.**

(b) STATEWIDE ACTIVITIES.—

(2) ALLOWABLE STATEWIDE YOUTH ACTIVITIES.—Funds reserved by a Governor as described in sections 128(a) and 133(a)(1) may be used, regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or under paragraph (1)(B) or (2)(B) of section 132(b), for statewide activities, which may include—

(D) supporting financial literacy, including—

- (i) supporting the ability of participants to create household budgets, initiate savings plans, and make informed financial decisions about education, retirement, home ownership, wealth building, or other savings goals;
- (ii) supporting the ability to manage spending, credit, and debt, including credit card debt, effectively;
- (iii) increasing awareness of the availability and significance of credit reports and credit scores in obtaining credit, including determining their accuracy (and how to correct inaccuracies in the reports and scores), and their effect on credit terms;
- (iv) supporting the ability to understand, evaluate, and compare financial products, services, and opportunities; and
- (v) supporting activities that address the particular financial literacy needs of non-English speakers, including providing the support through the development and distribution of multilingual financial literacy and education materials.

(c) LOCAL ELEMENTS AND REQUIREMENTS.—

(2) PROGRAM ELEMENTS.—In order to support the attainment of a secondary school diploma or its recognized equivalent, entry into postsecondary education, and career readiness for participants, the programs described in paragraph (1) shall provide elements consisting of—

(K) financial literacy education;

**SEC. 134. [Adults]-USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.**

(a) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

(3) ALLOWABLE STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

IN GENERAL.—Funds reserved by a Governor under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) or (2)(B) (regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or paragraph (1)(B) or (2)(B) of section 132(b)) may be used to carry out additional statewide employment and training activities, which may include—

*Subpart (viii)(II)(ff) specifies “activities to improve coordination of employment and training activities with financial literacy activities includes those described in 129(b)(2)D...”*

(c) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(2) CAREER SERVICES.—

(A) SERVICES PROVIDED.—Funds described in paragraph (1) shall be used to provide career services, which shall be available to individuals who are adults or dislocated workers through the one-stop delivery system and shall, at a minimum, include—

- (xii) services, if determined to be appropriate in order for an individual to obtain or retain employment, that consist of—
- (IX) financial literacy services, such as the activities described in section 129(b)(2)(D);



## AJC Participation in Financial Capability Initiatives

Prior to the enactment of the WIOA, a number of AJCs recognized that integrating financial capability services enhances customer outcomes. Focusing on workers with disabilities, AJCs developed financial capability pilot programs under the Disability Employment Initiative (DEI) with support from DOL. The initiative, a joint effort between the DOL's Employment and Training Administration (ETA) and Office of Disability Employment Policy (ODEP), awarded cooperative agreements to 37 projects in 26 states between 2010 and 2014 to implement strategies to improve education, training, and employment outcomes of youth and adults with disabilities by refining and expanding successful workforce strategies, including developing financial capability strategies. Many of the projects described below were initially developed under the DEI with assistance from [National Disability Institute](#) (NDI), a leader in the asset development field and the DEI technical assistance contractor.

Some AJCs have implemented a single service, such as tax preparation, while others have established a comprehensive approach. For example, the Illinois WorkNet Center in Arlington Heights, Illinois has incorporated financial capability into the curriculum of their youth program "boot camp," and includes financial questions on their intake form so the career counselor can provide referrals to needed services. They also include financial goals on their individual employment plans, provide self-paced Financial Education software (Money Smart) on their resource room computers, and provide a tax coach to assist customers using My Free Taxes.<sup>18</sup>

### Starting the Conversation using Financial Assessments

AJCs can serve a critical role by identifying the financial capability needs of their customers and either providing information or referring them to the appropriate community organization. The AJC's effectiveness, though, is predicated on the job seeker's willingness to share information about their personal finances. Several AJCs have begun to collect the information via forms and financial assessments, which may ease the interaction for both the customer and the staff member.

Most AJCs have at least two questions on their standard intake form that address financial issues (income and receipt of various public benefits). These questions serve as a gateway to talking about financial issues. Several AJCs have moved beyond this by piloting more extensive financial health assessments similar to the assessment included in the Your Money Your Goals Toolkit, shown below. Staff can use responses to these questions as basis for suggestions and referrals to other agencies in the community.

#### *Goals and Financial Situation Questionnaire*

1. Do you have financial goals and know how much money you need to reach them?
2. Are you in danger of losing your housing or car because you cannot make payments?
3. Are you in danger of having any of your utilities shut off because of nonpayment?

<sup>18</sup> Telephone interview with Lisa Maentz, Associate Director Business and Career Services, Inc. Arlington Heights, IL. 11/19/2014



4. Do you have a regular and reliable source of income?
5. Do you have money set aside to cover emergencies or unexpected expenses?
6. Are you able to cover all of your bills and monthly living expenses each month?
7. Do you owe a person or business money?
8. Do you have student loans or other debts you can't pay?
9. Have you been unable to get a job, cell phone plan, insurance, apartment, credit card, or car due to a bad credit record?
10. Do you have an account at a bank or credit union?
11. Have you been denied a savings or checking account?
12. Do you feel like the financial services you use cost you too much?
13. Do you know who to call with a complaint about a financial product or service?
14. If you answered that you have financial goals, what are they?
15. If you could change one thing about your financial situation, what would that be?

Source: Consumer Financial Protection Bureau, [Your Money, Your Goals: A Financial Empowerment Toolkit for Social Service Organizations](#), July 2014

In AJCs that have developed and implemented financial assessments, several consistent themes emerged:

*Staff may be uncomfortable talking about financial issues with customers:* Staff members may be uncomfortable asking the customers about their financial situation because many people view finances as very personal. Staff may also be uncomfortable giving advice if they feel like their own financial situation is precarious.

*The appropriate timing of the financial assessment varies:* A financial health assessment can be used as standard practice during intake or can be used once the job seeker feels more comfortable with a job counselor or other staff member. It may be necessary to offer a customer the opportunity to review finances more than once. After the initial use of an assessment, staff members should continue to discuss financial issues whenever appropriate.

*A formalized tool is valuable:* The financial assessment should be a short three-to-four page document that can be administered by someone with a relatively small amount of training. In the absence of a formalized tool, staff may have preconceived notions about people and finances. The formalized tool ensures that no questions are overlooked or are not explored in enough depth.

*Staff members need easy access to a referral list of community services that can address the needs identified in the form:* Most of the financial capability needs that AJC customers identify can be addressed by an existing community resource. AJCs use several approaches to ensure that staff members have easy access to the information they need to identify the appropriate

resource and provide contact information to the job seeker. Some agencies have developed financial health assessment forms that include referral suggestions on the form; others have a list of agencies printed on a card that is easily accessible to the AJC counselor; and others rely on 2-1-1, a toll free hotline that provides referrals to social service agencies.<sup>19</sup>

*Financial outcomes can be included on the individual responsibility plan:* People involved with TANF or other safety net programs may have an “individual responsibility plan” that describes the services an individual needs to obtain and keep private sector employment.<sup>20</sup> This may include financial capability services as well as employment services.

*Staff training is critical:* Training should cover communication strategies and approaches to addressing common financial issues. The training should emphasize that discussing financial issues is not an additional responsibility for the front line staff but rather an approach that can provide holistic help to the job seekers and increase employment outcomes. The training should make clear that the staff member does not need to be a financial expert to discuss the issues and that they should refer job seekers with challenging issues to the appropriate resource.

### **Example: Financial Assessments in WorkSource, Broward County, Florida<sup>21</sup>**

WorkSource Broward began using financial health assessments and worksheets for their customers with disabilities as part of the DEI grant. With materials and technical assistance from National Disability Institute (NDI), the Disability Resource Coordinator (DRC) used the following:

- **DEI intake:** A short six-question form that asks the customer to identify their sources of income, their financial goals, whether they are in danger of having utilities shut off, if they have a bank account and spending plan, if they need to discuss the impact of work on disability benefits, and if they pay a fee when filing taxes.
- **Financial Intake Worksheet:** Customers identify the amount and source of income, and expenses to identify if their income covers their expenses.
- **Weekly Expense Tracker:** Customers track their expenses and the DRC discusses with them where expenses can be reduced.
- **“When Opening a Bank Account” Questionnaire:** The form provides a set of questions that customers should ask the bank about minimum balances, monthly service costs, and other regulations when deciding where to open an account.

In preparation for expanding financial capability discussions to other AJC programs for job seekers with and without disabilities, all front line staff at the AJC received two hours of training from NDI and the DEI coordinator. The training emphasized that the staff member does not need to be an expert in order to discuss financial issues with a customer. The training also

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<sup>19</sup> With funding from local United Ways, community foundations, federal, state, and local governments, the 2-1-1 helpline provides free and confidential information and referral for help with food, housing, employment, health care, counseling, and more. More than 90% of the U.S. population has access to a 211 call center that provides referrals in their geographic area.

<sup>20</sup> An individual responsibility plan is a plan developed at state option in consultation with the individual to set an employment goal and a strategy for moving into employment. 45CFR §261.12

<sup>21</sup> Telephone interview with Melanie Magill, Senior Quality Assurance Analyst, Career Source, Broward County, FL, 11/24/2014

included a description of financial stability including benefits, employment, education, free tax preparation, and asset development, as well as exercises describing how to break the ice and ask coaching questions.

AJC staff may be able to address some of the issues that emerge from the financial discussions, but they can refer customers with more complicated questions or customers that need specific services to community resources. The DEI coordinator identified different types of services available in the community and shared this information during the training session. Rather than developing a written resource guide, the AJC recommends that staff members have the customer call the United Way 2-1-1 hotline, a free confidential service that helps people find the local resources they need to address financial, domestic, health, or disaster-related needs.<sup>22</sup>

### *How To Provide Financial Assessments and Referrals*

AJCs can take the first step toward providing financial assessments and referrals by reviewing [Your Money, Your Goals](#), a comprehensive toolkit developed by CFPB to guide social service case managers to help their clients set goals, choose financial products, and build skills in managing money, credit, and debt. The toolkit includes a Financial Situation Assessment Tool, strategies to communicate with clients about their finances, and strategies to address common financial issues. The website links to the toolkit as well as training guides and videos.

## **Tax Credits and Filing Assistance**

**The Earned Income Tax Credit (EITC):** The EITC is the largest cash assistance program in the U.S. and a centerpiece of the nation's anti-poverty initiatives. In tax year 2013, 27 million people received \$65 billion in the form of reduced taxes and tax refunds under this credit.<sup>23</sup>

The exact amount of the EITC is based on an individual's earnings and family size, with an average annual family benefit of \$2,407. To obtain the benefit, qualifying taxpayers must know how to claim it. In order to do so, they sometimes rely on costly tax preparation services. To combat this, the IRS, Division of Stakeholder Partnerships, Education and Communication (SPEC) partners with local organizations to offer two types of free tax preparation services for low and middle income, non-elderly taxpayers to improve access to the EITC and other favorable tax provisions, as well as to help individuals avoid the cost of tax preparation services.<sup>24</sup>

**Volunteer Income Tax Assistance (VITA):** In the VITA program, IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals to

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<sup>22</sup> Calls to 211 are routed by the local telephone company to a local or regional calling center. The 211 center's referral specialists question callers, access databases of resources available from private and public health and human service agencies, match the callers' needs to available resources, and link or refer them directly to an agency or organization that can help. The 2-1-1 service reaches 285 million people (90% of the total US population). <http://www.211us.org/>

<sup>23</sup> Internal Revenue Service (2014). Statistics for Tax Returns with EITC. Accessed 11/20/2014 <http://www.eitc.irs.gov/EITC-Central/eitcstats>

<sup>24</sup> The IRS also has a program similar to VITA that focuses on taxpayers who are 60 or older. The [Tax Counseling for the Elderly \(TCE\)](#) specializes in questions about pensions and retirement-related issues unique to seniors. The IRS-certified volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS.

claim the EITC, the Child Tax Credit, the Credit for the Elderly or the Disabled and other favorable tax provisions. The IRS partners with organizations that include non-profit, faith-based, educational, government, and corporate entities. The partner recruits and provides the logistics for volunteer tax preparers. The IRS provides training and certification. The IRS-certified volunteers, who are located at a broad array of locations in the community, provide free in-person tax preparation services to low- to moderate-income taxpayers. Many localities have multiple VITA sites (sometimes including the AJC) that are coordinated by the United Way or a local asset building coalition. The IRS hosts the [VITA locator tool](#) to help users find a nearby site.

**MyFreeTaxes.com:** MyFreetaxes.com is a secure federal and state tax filing site. The online tool allows eligible taxpayers, with a combined household income of \$60,000 or less, to self-file for free, using a simple step-by-step process that includes telephone and online chat support. Taxpayers can receive free in-person assistance from IRS certified tax coaches in select locations, including 30 AJCs, some United Way and Goodwill community-based tax preparation sites, and a number of U.S. Department of Veterans Affairs (VA) Centers and veteran organizations. United Way has established a national help line with six regional call centers that provide assistance in multiple languages for people filing their taxes at home or in locations without in-person assistance.

AJCs have been involved with VITA and MyFreeTaxes using the following approaches:

- The Workforce Investment Network in Memphis, Tennessee partnered with the United Way to host a VITA site at the Job Center.<sup>25</sup>
- Caddo Career Business and Solutions Center in Shreveport, Louisiana and WorkNet Center in Arlington Heights, Illinois have IRS-certified tax coaches on-site, available at certain times to help customers file their own taxes using MyFreeTaxes.com.<sup>26</sup>
- CDO Workforce in Oneonta, New York actively promotes the use of MyFreeTaxes through the employer community.<sup>27</sup>

These AJCs identified ten direct benefits of providing free tax preparation services:

1. *Enhances employment outcomes:* Free tax preparation can enhance employment outcomes by allowing customers to save money, receive tax refunds, and thus remain focused on training and employment goals.
2. *Brings new customers to the AJC:* Free tax preparation brings new customers to the workforce center and allows the AJC to connect with the broader community. It gives the

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<sup>25</sup> Phyllis Brunson, Disability Resource Coordinator, Workforce Investment Network, Memphis, TN (2013, February 27). Webinar: Promoting Economic Advancement-Implementing Free Tax Prep Services. LEAD Center: Washington DC. <http://www.leadcenter.org/webinars/promoting-economic-advancement-implementing-free-tax-prep-services>.

<sup>26</sup> Telephone interviews with Normal Belton, Disability Resource Coordinator, Caddo Business and Solutions Center, Shreveport, IL 11/18/2014 and Lisa Maentz Associate Director Business and Career Services, Inc. Arlington Heights, IL 11/19/2014

<sup>27</sup> Telephone Interview with Kathy DeAngelo, CDO Workforce, Oneonta, NY, 11/19/2015



AJC the opportunity to describe the services it provides and those available through community partners.

3. *Provides a service to both customers and staff:* Most workforce clients and staff are not aware that free tax preparation exists. AJC customers and staff members appreciate the ability to claim favorable tax provisions without having to use an accountant.
4. *Expands collaborations:* MyFreeTaxes and VITA supplement collaborations that AJCs already have with credit unions, financial literacy programs, credit/debt coaching, housing/mortgage counseling, etc.
5. *Can be a catalyst to participation in area financial coalitions:* Facilitating MyFreeTaxes is a catalyst to become involved in financial coalitions. It is something easy that the AJC can bring to the table.
6. *Fits with the mandate of the AJC:* AJCs are mandated to provide single point of entry for workforce information. Access to favorable tax provisions through free tax preparation is an important resource for low-income workers, vulnerable populations, and those new to the workforce.
7. *Provides a gateway to discussing other financial capability issues:* Once customers feel comfortable discussing their tax filing, it allows for the exploration of other financial issues.
8. *Empowers the taxpayer:* Having people complete their own taxes provides a sense of accomplishment and empowerment that can increase their capacity to manage other aspects of their life.
9. *Enhances the AJC's relationship with the business community:* In many of the examples below, the AJC reached out to the business community to market its MyFreeTaxes resources. This was a “win-win” for the businesses and the community. The businesses saw additional dollars going back into the local community from tax refunds, and it allowed them to provide their workers with a valuable resource. Employees felt more comfortable with the program because it was promoted jointly by the AJC and their employer.
10. *Implementation is easy:* AJCs can use their computers to set up the systems and only need to designate certain days and times when they are available for this purpose. Most areas have VITA coalitions and work with IRS SPEC to connect with volunteers. A coalition of Walmart, Goodwill, National Disability Institute and United Way developed the [MyFreeTaxes Affiliate portal](#) that provides tools and resources for MyFreeTaxes partners including community partners, employers, and government entities. It provides resources to help promote the initiative to potential users, news media, and community partners. The resources include sample social media approaches, traditional marketing material (e.g., static and customizable print materials such as fliers and payroll stuffers), public relations materials, digital banners and infographics, radio public service announcements and videos.



### **Example 1: VITA program at Workforce Investment Network, Memphis, Tennessee<sup>28</sup>**

The AJC partnered with United Way to provide volunteer tax assistance services through the VITA program. United Way has a long history of providing VITA services and has 20 other sites in the region for people to get free help with their taxes.

The United Way recruited, trained, and scheduled the volunteers. They created a mobile team that brought all needed materials to the AJC. The AJC provided outreach to their customers, scheduled appointments, and provided space. All front line staff and case managers marketed the process to inform the community. Staff contacted customers through emails and by phone in order to tell them about the service. In addition, AJC staff who met the income criteria had the option of using the VITA service.

The AJC found that offering free tax preparation services not only helped their existing customers, but provided an opportunity to draw new people into the center and inform them of the services.

### **Example 2: MyFreeTaxes with a tax coach in Shreveport, Louisiana.<sup>29</sup>**

Under their DEI grant and with funding and technical assistance from National Disability Institute (NDI), the Caddo Career Business and Solutions Center in Shreveport, Louisiana developed a MyFreeTaxes site at the AJC. The AJC hired a retired IRS employee as a half time tax coach to assist customers in filing their own tax returns on MyFreeTaxes.com. The tax coach and the DEI coordinator reached out to the AJC staff, employers, and the community to highlight the availability of MyFreeTaxes and the other relevant resources at the AJC.

The AJC made MyFreeTaxes available in the main computer room at all times and specific times were set aside in another space. The tax coach was available at specific times by appointment or would serve people on a walk-in basis. AJC staff also assisted people who were not computer savvy.

The outreach included the following:

- AJC staff: The Tax coach and DEI coordinator provided information to AJC Staff so they could use the resource themselves and describe them to their customers. They presented MyFreeTaxes and the tax coach as an optional service available at the AJC.
- Community: The tax coach and DEI coordinator attended community events and gave presentations to a wide range of organizations such as VITA sites, churches, civic organizations, and Bank-on Shreveport (a city-wide initiative created by the City of Shreveport to help unbanked and under-banked residents achieve and maintain financial stability). In this way, they could reach the whole community, not just people who came

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<sup>28</sup> Phyllis Brunson, Disability Resource Coordinator, Workforce Investment Network, Memphis, TN (2013, February 27). Webinar: Promoting Economic Advancement-Implementing Free Tax Prep Services. LEAD Center: Washington, DC. <http://www.leadcenter.org/webinars/promoting-economic-advancement-implementing-free-tax-prep-services>.

<sup>29</sup> Telephone interviews with Normal Belton, Disability Resource Coordinator, Caddo Business and Solutions Center, Shreveport, IL 11/18/2014 and Lisa Maentz Associate Director Business and Career Services, Inc. Arlington Heights, IL 11/19/2014

into the center. In addition, they posted flyers and other marketing materials at state buildings, social security offices, apartment complexes, grocery stores, churches, and other locations in low-to-moderate income communities.

- **Employers:** The AJC capitalized on its existing relationship with many employers to describe the program so they could market it to their employees. The AJC found that this was a win-win situation. Employers appreciated the ability to help their low-to-moderate income employees and AJC's had a tangible outcome from their relationship with employers. The AJC offered to provide the tax coach, on-site, to businesses and other organizations that had at least five people who wanted the service.

### **Example 3: MyFreeTaxes outreach to the business community, Oneonta, New York<sup>30</sup>**

Chenango-Delaware-Otsego (CDO) Workforce in Oneonta, New York serves a relatively rural area and the AJC is far from many of its customers. As a result, the center took a decentralized approach to promoting MyFreeTaxes to its customers and the broader community. Using funds from the DEI and a small grant from NDI, the AJC reached out to the business community and provided them with information and outreach materials. The businesses, in turn, promoted the program among employees.

Individuals were encouraged to file their taxes through MyFreeTaxes at home or at the AJC. The AJC did not have a tax coach. Customers, however, were encouraged to use the online chat feature and the MyFreeTaxes hotline. Customers could use the computers in the resource room at any time and the AJC set aside certain times in the computer lab for those who preferred a quieter setting with access to a phone to call the MyFreeTaxes hotline.

During the first year of the program, the coordinator did extensive outreach to the business community that included presentations to the Workforce Development Board, emails, phone calls, and face-to-face meetings with the chamber of commerce and many individual businesses that had some existing connection with the AJC. By the third year of the program, businesses were aware of the resource and were contacting the AJC.

The AJC distributed flyers, table top reminders, and other outreach and marketing materials from the [MyFreeTaxes Affiliate portal](#), which it customized with their own workforce logo and contact information for area businesses. The businesses used these materials in their Human Resources departments and posted the information in their break rooms.

The AJC reached out to its own customers as well by putting marketing materials in locations throughout the AJC that were visible for people who were coming to the center to apply for unemployment insurance, workshops, or to use other resources. Staff received training and were encouraged to use the services themselves so they could explain them to AJC users.

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<sup>30</sup> Telephone Interview with Kathy DeAngelo, CDO Workforce, Oneonta, NY, 11/19/2015

### *How to Provide Tax Assistance*

Contact the in-person VITA site in your area: Use the IRS VITA locator tool at: <http://irs.treasury.gov/freetaxprep/> to find a site.

Contact the IRS SPEC (Stakeholder Partnerships, Education and Communication) coordinator in your region. To locate your IRS SPEC, contact, 1-800-829-1040 or [partner@irs.gov](mailto:partner@irs.gov)

Register on MyFreeTaxes Affiliate Portal - <https://affiliate.myfreetaxes.com> – to find resources, marketing materials, training, and more to learn how you can promote awareness and gain access to free online tax preparation for taxpayers earning \$60,000 or less.

## **Financial Education**

Financial education covers a wide range of topics including banking services, borrowing and debt, budgeting, credit reports, and others. The federal government has developed several financial education curricula including:

- FDIC offers a comprehensive financial education curriculum for adults ([Money Smart](#)) and youth ([Money Smart for Young Adults](#)) designed to help low- and moderate-income individuals enhance their financial skills. It can be either instructor-led or self-paced and computer-based. For organizations that opt to provide Money Smart workshops, the FDIC provides free training through a written guide, videos, webinars, and in-person workshops.
- Financial Literacy and Education Commission (FLEC) hosts [MyMoney.gov](#) offering educational resources focused on five key topics on managing and growing assets. It provides information and interactive lessons for youth, curricula for teaching financial capability concepts for educators and a clearinghouse of federal funded research reports for researchers.
- The CFPB's [Your Money, Your Goals](#) is a toolkit that social services organizations can use to help their customers set goals, choose financial products, and build skills in managing money, credit, and debt.

Three curricula have been developed to address financial issues facing people with disabilities:

- [¢ents and \\$ensibility: A guide to money management for people with disabilities](#) was developed by the Pennsylvania Assistive Technology Foundation in conjunction with Widener University in 2013. The guide is used for setting priorities, budgeting, saving (including ways to save money without losing benefits), using Individual Development Accounts (IDAs), banking, borrowing and credit, and finding and paying for assistive technology.
- [Building Assets and Promoting Choice and Community Participation for People with Disabilities](#) was developed by NDI and covers six categories of asset building programs:



Financial Literacy/Access to Banking; Earned Income Tax Credit/Free Tax Preparation Assistance; IDAs; Microenterprise Education and Loan Programs; Homeownership Assistance Programs; and Social Security Work Incentive Programs.

- [Money Basics](#) is a financial self-sufficiency course developed by Peerlink and designed for people who experience mental health issues. Peerlink is a National Technical Assistance Center funded by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA).

A broad-based financial education curriculum can help people gain the knowledge and skills to manage their money effectively and reach their financial goals. AJCs can offer the curricula online or via workshops and classes.

### **Example 1: Online financial education at WorkSource in Broward County, Florida<sup>31</sup>**

The WorkSource Center in Broward County, Florida provided the Money Smart curriculum on AJC computers and counted it as an allowable Welfare Transition Program (WTP) work registration component. Because of concerns that the online interface does not require people to engage with the information, the AJC is planning to offer an in-person Money Smart Workshop.

### **Example 2: Financial education classes and workshops in Alaska<sup>32</sup>**

Several AJCs in Alaska offer weekly financial education classes. To increase understanding and interest, an internal training was first offered to staff members so they would be better able to promote workshops and classes, and connect the training with employment objectives. In addition, the FDIC Money Smart curriculum has been added as an online resource available to job seekers on resource room computers.

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<sup>31</sup> Telephone interview with Melanie Magill, Senior Quality Assurance Analyst, Career Source, Broward County, FL, 11/24/2014

<sup>32</sup> Telephone interview with Nikki Powis, Alaska Department of Labor & Workforce Developments, Juneau, AK 11/19/2014



### *How to Provide Financial Education*

An AJC can provide access to comprehensive financial literacy curricula in four ways:

- Provide access to self-guided Money Smart or other computer-based financial education programs on AJC computers: Materials are available at: <https://www.fdic.gov/consumers/consumer/moneysmart/>
- Conduct Financial Education workshops at the AJC: Contact the FDIC [CommunityAffairs@fdic.gov](mailto:CommunityAffairs@fdic.gov) to request an in-person workshop or for more information about the Train-the-Trainer program.
- Partner with a local organization to provide financial education workshops at the AJC: Ask your local bank if they offer free financial education workshops.
- Refer customers to financial education programs run by a local organization: Use an internet search engine to identify other organizations in your area that offer financial education programs to develop a referral system.

### **Financial Coaching**

Financial coaching is a one-to-one service uniquely tailored to an individual's needs. The coach helps individuals set goals and define the steps needed to achieve those goals. The coach teaches the clients fundamental financial capability skills and then helps keep them motivated and focused while using those skills. This is a relatively intensive service; most organizations who implement a coaching model find outside funding to sustain onsite services.

A small but growing number of social service organizations are developing an "integrated service delivery" approach where agencies are embedding financial capability into their core service areas. For example, the [Financial Clinic](#), a non-profit in New York City, provides services to working poor individuals and families to help them address financial challenges and develop sound financial goals and habits. The organization has designed a program that includes 1.5 days of training for front line staff to learn to integrate a range of financial development skills and techniques into their current services. After the initial training, additional training is available on specific issues such as student loans, unemployment compensation, and building credit.

The coaching model and integrated service delivery provide a more personal intensive service than financial education, so it can help motivate clients to adhere to the positive financial behaviors that they learn about.

### **Example: Financial coaching at Newark Works, Newark, New Jersey<sup>33</sup>**

The Newark Workforce Investment Board received a one-year grant from Capital One to provide financial coaching to at least 150 Workforce customers. The Board partnered with [The Financial Clinic](#). The AJC encourage its own staff to meet with a financial coach to assess their own financial situation and how they should communicate the benefits of financial coaching to the AJC customers. The Financial Clinic provided one-to-one coaching responsive to the needs of each AJC customer that generally focused on setting financial goals and building assets, establishing or repairing credit, banking, and other forms of financial education. Because of funding limitations, the program ended at the end of the one year grant.

#### *How to Provide Financial Coaching*

Identify a source of funding and a community organization that provides financial coaches.

### **Credit and Debt Management**

Many employers believe that someone with a lot of debt will focus more on personal financial issues than work, or that a long history of unpaid bills, foreclosures and delinquencies could indicate a lack of responsibility and good decision making skills that could ultimately hamper job performance. As a result, more than 50% of employers check the credit reports of potential employees.

In [TEGL No 11-14](#), the U.S. Department of Labor requires that covered entities provide a Notice to Employers that describes the drawbacks of using credit information in any part of the hiring process, and encourages employers to adopt best practices for such screening. At a minimum, covered entities must advise employers, through use of the Notices to Employers, about some of the reasons why screening job seekers based on credit history may be imprudent:

- Negative information on credit reports may reflect that applicants have experienced difficult circumstances beyond their control that have no relationship to their ability to perform the job, such as a medical emergency, disability, layoff, loss of a spouse, or identity theft.
- Credit reports may contain inaccuracies.
- No reliable body of evidence validates the use of credit history in hiring decisions.
- Using credit history as an employment screening tool may disproportionately exclude certain racial and ethnic groups, women, and people with disabilities from hiring consideration.

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<sup>33</sup> Arcelio Aponte, Director of Operations and Management, Department of Economic and Housing Development, Newark, NJ, LEAD Center Webinar: Promoting Economic Advancement – Financial Education, March 27, 2013. <http://www.leadcenter.org/webinars/promoting-economic-advancement-financial-education> and telephone interview with Stefan Hatch, Assistance Director of Services, The Financial Clinic. December 22, 2014.

While discouraging employers from the practice of checking credit reports is critical, the AJC can also help their customers avoid falling prey to the practice by helping them (1) check the accuracy of their credit reports, (2) build credit, and (3) repair credit.

**Example: Referral to credit repair resource at Arlington Heights Workforce Center, Illinois<sup>34</sup>**

As part of a multi-faceted approach to financial capability, the Workforce Center included financial questions on the intake form for determining the level of services for which the customer is qualified. The career advisor used this information to help the customer identify specific financial needs and goals. The AJC developed an informal relationship with the local office of the [National Association of Debt Education and Assistance](#) (NADEA) for debt recovery, and customers with debt issues were referred to the organization.

*How to Provide Credit and Debt Management*

Contact the Credit Builders Alliance <http://creditbuildersalliance.org>.

**Work Incentive Counseling**

People with disabilities who are beneficiaries of SSI or SSDI may be concerned that engaging in work activities or increasing their assets that will put their benefits at risk. However, built into both the SSI and SSDI benefit programs are work incentives that allow an individual to account for items, services, and supports that they use to go to work, and that may enable them to work and earn above the Substantial Gainful Activity (SGA)<sup>35</sup> level (i.e., the level at which a recipient loses eligibility for benefits).

Through a system of cooperative agreements with local organizations, SSA has developed WIPA programs in every state, the District of Columbia and U.S. territories to provide community-based work incentive expertise to SSDI and SSI beneficiaries. Each WIPA project has Community Work Incentives Coordinators (CWICs) who provide in-depth counseling about benefits and the effect of work on those benefits; conduct outreach efforts to beneficiaries of SSI and SSDI (and their families) who are potentially eligible to participate in federal or state work incentives programs; and work in cooperation with federal, state, and private agencies and nonprofit organizations that serve SSI and SSDI beneficiaries with disabilities.

**Example: CNY Works, Onondaga County, New York<sup>36</sup>**

Many grantees in the Disability Employment Initiative (DEI) recognized the importance of work incentive counseling to facilitate the employment of SSI and SSDI beneficiaries. CNY Works and others have developed a two part approach:

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<sup>34</sup> Telephone interview with Lisa Maentz, Associate Director Business and Career Services, Inc. Arlington Heights, IL. 11/19/2014

<sup>35</sup> Substantial Gainful Activity is considered work that brings in a pre-determined amount of earnings per month. If an individual earns more than that specific amount, they are considered to be engaged in competitive employment in the national economy.

<sup>36</sup> Telephone Interview with Kevin Nickerson, Manager, Financial Empowerment & Employment, National Disability Institute, October 29, 2014.



1. Provide work incentive workshops for all staff to stimulate interest and discussion of the employability of SSI and SSDI beneficiaries.
2. Train the Disability Resource Coordinators (DRCs) to become certified benefits planners. While most training certification is provided by [Virginia Commonwealth University](#), AJCs in New York can receive training through [Cornell University](#).

Once certified, the DRC works with individual clients to identify the impact of work on their SSA and other public benefits.

#### *How to Provide Work Incentive Counseling*

- Identify the Social Security WIPA grantee in your area using the SSA locator tool: <http://www.chooseworkttw.net/findhelp/>.
- Request that the WIPA staff create office hours in the AJC.
- Provide training to AJC staff to increase their awareness of the value of SSA work incentives and develop a system for staff to refer customers to the WIPA program.

### **Capitalizing on the Strength of Coalitions**

A myriad of programs have been developed by non-profit and private sector organizations and businesses to improve financial capability and asset building strategies. In many localities, government, private and non-profit sector organizations have formed coalitions to provide a range of financial capability services. By establishing a coalition, each organization can focus on its particular strengths and target population, while together the group can offer a wide range of services to the community.

#### **Example 1: Asset Development Summits in Florida<sup>37</sup>**

As a DEI grantee, the State Workforce Development Board (WDB) in Florida championed the idea of enhancing employment outcomes through financial stability, and encouraged the involvement of the local AJCs.

In conjunction with NDI, the AJC hosted five local summits in 2014 to advance the economic self-sufficiency of persons with disabilities. The summits in Winter Haven, Palm Beach, Panama City, St. Petersburg and Ft. Lauderdale brought together 220 representatives from the disability, asset building, and financial services communities. Prior to the summit, these communities were often unaware of the services offered by the others and how they could complement each other.

Participants included Independent Living Centers, the State Vocational Rehabilitation Agency, the Division of Blind Services, Veterans Services, Benefits Planning Services, local mental health agencies, local developmental disabilities agencies, local affiliations of Goodwill Industries, United Cerebral Palsy, The Arc, Easter Seals, school district transition offices, the IRS, state or local Offices of Consumer Finance/Economic Development, EITC Coalitions, IDA

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<sup>37</sup> Telephone Interview with Michael Roush, Manager Financial Empowerment and Innovation. December 15, 2014.

Programs, housing program representatives, financial institutions (e.g., local banks, credit unions), and community-based organizations offering financial stability programs.

Through presentations and small group participation, attendees were able to identify opportunities for community collaboration, additional partners to call to the table, and possible outreach strategies to expand asset building within the disability community.

The summits provide AJCs the opportunity to meet and network with members of the asset building community. This process provided two benefits:

**Easing the referral process:** AJC staff can identify specific services and individuals to which they can refer job seekers who need assistance.

**Enabling the development ongoing partnerships:** Several communities in Florida used the network created at the asset summit to develop an ongoing disability advisory workgroup. The workgroups developed guides on asset development strategies and available resources, promoted asset development strategies through educational and training events, and developed plans on ways to enhance the 2-1-1 referral system.

NDI has hosted similar summits in over 50 cities across the U.S. Several resources are available on the web including [Video modules of the Maine Asset Summit](#) and a toolkit on [Developing Asset Summits for Individuals with Disabilities & Others with Challenges to Employment Networking with Local Resources](#).

## **Example 2: Financial Partnership Network, Anchorage, Alaska<sup>38</sup>**

The Anchorage AJC joined the Financial Partnership Network, led by the United Way of Anchorage, and includes the Alaska Governor's Council on Disabilities and Special Education, Alaska Tax Aide, Consumer Credit Counseling of Alaska, Cook Inlet Lending, the University of Alaska, Anchorage VITA and the YMCA of Anchorage.

In 2011, in partnership with the NDI and the Real Economic Impact Tour,<sup>39</sup> the Network brought together major stakeholders in Anchorage to assess what activities and resources were already available and what more could be done collaboratively to advance a long-term better economic future for Alaskans with disabilities. Participants included financial institutions, a variety of state agencies providing services to individuals with disabilities and their families, the Work Incentives Planning and Assistance (WIPA) project, the Alaska Housing Finance Corporation, AARP, and diverse community nonprofit organizations.

The Network organized Financial Fitness Fairs that focused on free tax preparation through VITA and hosted information tables from banks, credit unions, non-profits, insurance companies, adult education providers, credit recovery providers, and others to provide opportunities for low-income workers to learn how to earn, save, and invest for a stronger financial future. The fairs combined activities for children with exhibits and workshops that addressed issues such as debt

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<sup>38</sup> [http://labor.alaska.gov/awib/2011-oct-mtg-binder/Disability\\_Employment\\_Initiative\\_Update.pdf](http://labor.alaska.gov/awib/2011-oct-mtg-binder/Disability_Employment_Initiative_Update.pdf) and website Free Tax Preparation in Anchorage <http://freetaxprepanc.com/2014/04/24/become-a-financial-wizard-at-the-2014-financial-fitness-fair/>

<sup>39</sup> A public-private collaboration of NDI and the Stakeholder Partnerships, Education and Communication (SPEC) department of the IRS.

collectors, estate planning, wise investing, coping with identify theft, the benefits of home ownership, and savings strategies. The workforce system used the opportunity to promote the employment programs of the job center and encouraged the use of MyFreeTaxes.

### **Example 3: Cities for Financial Empowerment, Seattle, Washington<sup>40</sup>**

With grants from local non-profits and municipal agencies, the City of Seattle, Washington opened seven financial empowerment centers that provide free, professional, one-on-one financial education, counseling, and coaching to help people become financially stable. Three of these sites are at AJCs (Ranier WorkSource, South Seattle College WorkSource-Georgetown, and South Seattle College WorkSource).

The centers are staffed by five counselors who are required to pass a four-credit course on consumer and personal finance offered at a local community college. The counselors:

- Help customers find affordable banking options and avoid predatory pay-day lenders, with some sites offering Express Credit Union community tellers onsite;
- Provide information to help customers improve their credit ratings;
- Refer customers to free tax preparation from United Way;
- Enroll eligible customers in Medicaid or Washington's Affordable Care Act's health exchange; and
- Assist people who are considering home ownership or starting a small business.

The centers are funded for three years through \$2.63 million in grants from the Paul G. Allen Foundation, the City of Seattle, Neighborhood House and the United Way. The Seattle initiative is based on the models developed by the [Cities for Financial Empowerment Fund](#).

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<sup>40</sup> Neighborhood House website. Financial Empowerment Center: Free One-on-one financial counseling. <http://www.nhwa.org/financialemPOWERMENT/>



### *How to Find Existing Asset Development Coalitions*

Since the asset-building field spans many sectors and funding sources, no comprehensive catalogue of organizations in the field exists. However, there are several ways an AJC can identify existing initiatives in their area.

- [National Disability Institute Real Economic Impact Network](#) is an alliance of organizations and individuals dedicated to advancing the economic empowerment of people with disabilities. It consists of more than 900 partners in more than 100 cities in the US and includes non-profits; community tax coalitions; asset development organizations; financial education initiatives; corporations and private-sector businesses; federal, state and local governments and agencies; and individuals and families with disabilities. [Contact NDI](#) for help in identifying a partnership in your area. Sign up for [free membership in the Network](#) for access to the latest information, policy insights, tools and trainings that focus on tax and tax preparation, financial education, asset development, benefits, and employment.
- [Assets & Opportunity Network](#) is a network of practitioners, advocates, and other stakeholders from 49 states and the District of Columbia working to expand the reach and deepen the impact of asset-based strategies. Supported by the Corporation for Enterprise Development (CFED), the network includes members from a variety of organizations, including community-based nonprofits; housing organizations; United Ways; community action agencies; federal, state and local 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; human service organizations; Goodwill agencies; and food banks. Their [website](#) includes a search tool to identify coalitions in any state or locality.
- **Internet Search Engines:** Many asset-building initiatives have a presence on the web. Searching for “financial literacy,” “financial education” or “asset building” and the name of your area will likely identify local organizations or coalitions.

The Workforce Development Board can conduct an asset summit to bring together local businesses, service providers and asset development organizations to identify collaborative opportunities to build a better future for people with disabilities. [Contact the National Disability Institute](#) for more information.



## Recommendations for AJCs and WDBs

Each component of the workforce development system, the WDBs, AJC Management and Career Counselors, and AJC Business Service Representatives, can implement strategies to improve the financial capability of workers and job seekers with and without disabilities.

**State and Local Workforce Development Boards (S/LWDBs):** S/LWDBs can play an important role by ensuring that training is offered to AJC staff on financial capability strategies. S/LWDBs can integrate financial capability into the WIOA system using the following approaches:

- Include financial capability strategies as part of the WIOA Unified Plan;
- Set aside funds for financial literacy programs for youth and adults as permitted by WIOA;
- Ensure youth enrolled in WIOA youth formula programs have access to quality financial literacy providers as one of the 15 required program elements.
- Offer financial capability services, including individual budgeting, financial planning, tax preparation, and asset development, as a service that job seekers may access within the workforce development system;
- Promote credible, free financial education resources; and
- Create and maintain a directory of local resources that local AJCs and WDBs can use for partnering to promote financial capability strategies.

Because of their leadership role in the community, S/LWDB members are also well-positioned to share data with employers and other key economic development stakeholders on the financial capability needs of workers and job seekers with disabilities and other low-income populations served by the workforce development system. Such information can also be instrumental in informing and shaping policy and priorities across local and state governments to promoting the economic advancement of individuals with disabilities and other populations.

**American Job Center – Management:** American Job Center management can facilitate staff awareness of a variety of strategies related to financial capability available to its customers, including financial planning, individual budgeting, asset building, and savings. AJC managers can use a variety of options at local AJCs by:

- Inviting state/local partners to speak at in-service trainings for local workforce development staff on relevant topics, such as a general introduction to advancing financial capability, understanding the importance of credit scores, effective management of financial resources, and setting financial goals;
- Designating a part-time or full-time staff person as a Financial Capability Liaison. This individual should be well-versed in the resources from IRS, SSA, FDIC and other federal agencies, and thus able to customize strategies based upon the level of financial capability and needs of individual job seekers and workers with disabilities;

- Inviting partner agencies to offer services on-site at the AJCs to expand internal capacity as well as remove the burden from customers of having to seek out financial capability partners; and
- Ensuring that local Workforce Development staff members receive professional development opportunities to equip them to provide financial capability services.

**American Job Center Career Counselors:** Since workforce development professionals work with many different low-income populations, they are in a good position to discuss various strategies for improving financial capability with individual customers. The career counselor/job developer can use the following strategies:

- Open up the opportunity to discuss assets, expenses and finances in general terms with customers. American Job Center staff can discuss assets and financial circumstances with a customer during the intake and assessment process to determine if they need financial counseling and to make an appropriate referral. This conversation can set in motion a process to address financial challenges and/or goals before the start of a job or training program. Furthermore, career counselors can identify financial needs of specific customer groups, such as low-wage earners, older workers, youth, workers with disabilities, and/or disabled veterans.
- AJC professional staff are encouraged to acquire general knowledge around evidence-based strategies and resources available through state and local partners in order to disseminate relevant information on these resources to workers and job seekers with disabilities during the customer intake and referral process. AJCs can also take proactive steps to ensure that accurate, credible, free financial capability resources and training opportunities are available onsite within the AJC to disseminate as appropriate to customers. An excellent set of resources is available from the Consumer Financial Protection Bureau.
- Make sure that national, state, and local educational resources and information on upcoming training opportunities are distributed to AJC customers, as well as included with job announcements and disseminated at job fairs.
- Develop a “Financial Capability” Bulletin Board within the AJC resource area where asset development and financial planning resources, workshop schedules and training opportunities can be posted in order to increase awareness of, and exposure to, strategies and effective practices related to successful financial management.

**American Job Center - Business Service Representatives (BSRs)** can engage local banks, credit unions, and housing lending programs to offer financial education classes to AJC customers. Many cities have active asset building coalitions in place that often include business partners and members of the financial services industry. These coalitions serve as another opportunity to engage local businesses in providing financial capability trainings, informational resources, and services to AJC customers.



## Additional Resources

### General Financial Capability for Workforce and Social Service Organizations

- CFPB [Your Money, Your Goals](#) is a toolkit that social services organizations can use to help their customers set goals, choose financial products, and build skills in managing money, credit, and debt.
- [National Disability Institute's Real Economic Impact Network](#) provides a range of tools and trainings on taxes and tax preparation, financial education, asset development, benefits, and employment.
- [The Assets and Opportunity Network](#), managed by CFED, offers links to state and local organizations that are involved with state and local policy advocacy, coalition-building, and service delivery in the financial capability field.
- [Integrating Financial Security and Asset Building Strategies into Workforce Development Programs](#) is a Guide that was developed by CFED in April 2013, which describes ways workforce development agencies can integrate asset building strategies into their already robust programming to maximize the overall effectiveness of their programs.
- [Building Financial Capability—A Planning Guide for Integrated Services](#) developed by CFED and the U.S. Department of Health and Human Services, Office of Community Services (OCS), is an interactive guide for community-based organizations that provides step-by-step guidance on integrating financial capability services into their existing programs. It is a practical resource for organizations providing financial capability services for the first time as well as those that want to improve or expand existing efforts.
- [Employee Benefits Security Administration \(EBSA\)](#) within the U.S. Department of Labor has a mission to assure the security of the retirement, health, and other workplace-related benefits of American workers and their families. EBSA has a variety of interactive tools and resources available online including [Savings Fitness: A Guide to Your Money and Your Financial Future](#), to improve financial capability knowledge and skills.

### Financial Education

- [MyMoney.gov](#), developed by the U.S. Financial Literacy and Education Commission, is designed for adults, youth, teachers and educators to learn strategies for financial health.
- [Savings Fitness: A Guide to Your Money and Your Financial Future](#) was developed by the U.S. Department of Labor's Employee Benefits Security Administration and the Certified Financial Planner Board of Standards Inc. This website and publication provide tools to help individuals plan for retirement.
- [Consumer Financial Protection Bureau](#) (CFPB) has as its central mission to make markets for consumer financial products and services work for Americans, whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products. The CFPB website provides consumers with a variety of information and educational resources to understand the terms of their agreements with financial companies.

- [The National League of Cities \(NLC\) – City Financial Inclusion Efforts: A National Overview](#), spearheaded by the NLC, highlights the increasing commitment of city leaders in addressing financial challenges faced by large sectors of their communities, and strategies, efforts and resources being implemented to meet the need (Sponsored by the MetLife Foundation).
- [National Endowment for Financial Education](#) offers free Financial Workshop Kits to help social service professionals, community volunteers and others teach money management skills.
- [Financial Industry Regulatory Authority \(FINRA\)](#) provides a variety of interactive tools to support planning one’s financial future, from getting background information about brokers to using financial calculators.

### **Favorable Tax Provisions**

- [The Earned Income Tax Credit: Capitalizing on Tax Incentives](#) provides information from the U.S. Department of Labor’s Office on Disability Employment Policy on eligibility for, and the importance of, the Earned Income Tax Credit.
- [IRS Publication 3966 - Living and Working with Disabilities](#) provides a quick overview of tax provisions, including publication and form numbers, for individual taxpayers, parents of children with disabilities, and businesses who hire employees with disabilities.
- [IRS Publication 907 - Tax Highlights for Persons with Disabilities](#) provides more detailed information on tax provisions specific to individuals with disabilities.
- [My Free Taxes Partnership Initiative](#) provides information on free and inclusive tax preparation services and offers a free online tax preparation option.

### **Work Incentives for Social Security Disability (SSDI) and Supplemental Security Income (SSI) Beneficiaries**

- [SSA Red Book](#) provides an overview of each of SSA’s work incentives as well as the return to work rules.
- [SSA’s Official Ticket to Work Program](#) provides information on SSA’s Ticket to Work program and addresses questions related to eligibility and participation.
- [PASS Online](#) is an online tool to assist individuals in completing a PASS Plan online, including an overview of what a PASS plan is, who should consider a PASS and what to expect from SSA. Provided by Cornell University’s Employment and Disability Institute.

### **Other resources for Developing Financial Capability Initiatives for People with Disabilities**

- [The National Disability and Employment Community of Practice](#) is an online learning destination for public workforce system staff and partners, job seekers, community-based organizations, grantees, and the business sector, which provides services and programs to people with disabilities and/or other challenges to employment.



- [The LEAD Center](#) offers resources to help advance financial capability goals within the delivery of core and intensive services as part of the workforce development system. Funded by ODEP, the LEAD Center is testing strategies in collaboration with CFPB.

