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Gaining and Retaining Employment

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This brief is the second of a five-part series that will highlight the need and opportunity for integrating financial capability services into social service programs to improve overall outcomes that lead to financial well-being. This brief focuses on why those working on employment and career pathways should focus on the multiple dimensions of individuals' financial lives and how the federal government can encourage the integration of financial capability services into the workforce development system and the workplace. Part one of this series, which makes the case for integrating financial capability into social services, can be found here.

Employment Alone is Not Enough to Guarantee Financial Well-Being

Employment defines most of our financial lives and provides key asset building opportunities. Consistent and adequate income[1] from a full-time job is likely to ease an individual's immediate financial stress; however, a job alone does not lead to long-term financial well-being. For this, households need to improve all areas of their household balance sheet by increasing income and credit scores, building savings and assets, and decreasing expenses and debt.[2]

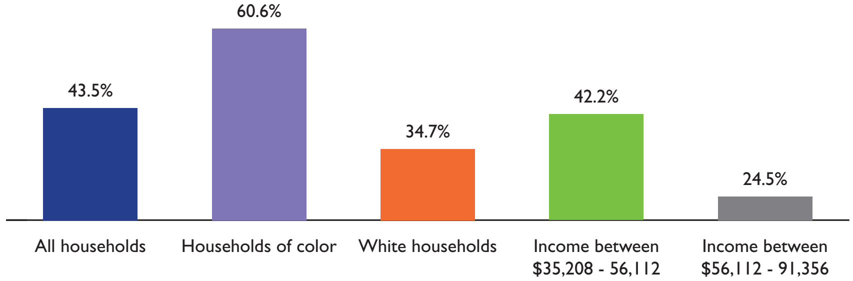
With middle-class and working families' wages stagnant or dropping (average annual pay was $49,808 in 2013; $203 less than in 2012[3]), having a job means less and less for a family's ability to reach financial well-being. Additionally, one in four jobs in the United States pays a low-wage (less than $23,283 per year)[4], and these jobs also tend to lack other important benefits such as health insurance, retirement accounts, paid sick leave and paid vacation, without which families struggle to achieve financial stability. As these trends continue year after year it's becoming increasingly more difficult for a full-time worker to succeed financially.

Many Americans find themselves working multiple low-wage jobs in order to make ends meet. Multiple jobs mean different pay schedules and pay rates and require sophisticated budgeting in order to pay bills on time and save for the future. Helping individuals manage income, save for potential emergencies, invest in assets and build overall wealth require a different set of service interventions that focus on an individual's financial capability. These services, such as credit counseling or budget management classes, meet people where they are and create opportunities for households to strengthen their finances.

Financial Challenges Do Not Stop Once Individuals are Employed

Millions of working Americans struggle to manage finances, with low savings and high debt. In fact, 44% of households are liquid asset poor, which mean they can't afford to live without income for three months at the poverty level (which is approximately $5,963 for a family of four). One in five asset-poor families would consider themselves middle class, earning from $56,113 to $91,356 annually. These families

Millions of families live on the brink of financial insecurity with minimal savings to respond to a financial emergency
(% in asset poverty)



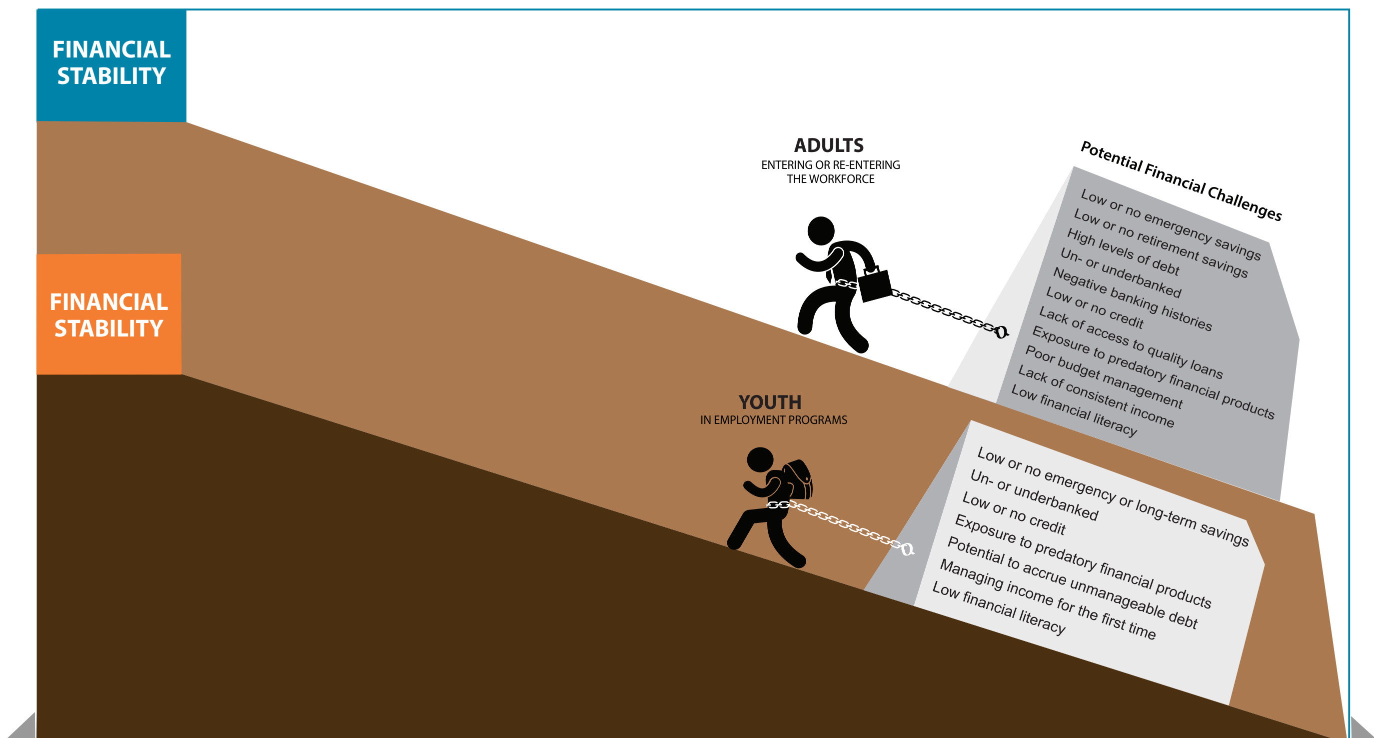
Source: CFED, 2015

struggle to respond to often inevitable financial emergencies, such as a car repair or unexpected medical bill, and live on the brink of insecurity.[5]

Working Americans also struggle with money management, budgeting and saving for longer-term goals, like retirement. The average working household has virtually no retirement savings. The median retirement account balance for all working-age households is $3,000, and only $12,000 for near-retirement households;[6] this is not nearly enough for households to remain financially stable. Additionally, the average American is saddled with almost $10,000 worth of credit card debt,[7] while the average student is graduating with over $28,000 worth of student loan debt. Low savings and high debt are significant barriers to getting families financially stable outside of employment.

Wealth loss from the Great Recession remains high for many as the economic recovery is not being felt across the-board. This trend is especially prevalent for communities of color. The Pew Research Center found that the wealth of white households was thirteen times the median wealth of black households in 2013, compared to eight times the wealth of white households in 2010.[8] In other words, the racial wealth gap is continuing to widen. One reason for this disparity is the fact that households of color hold most of their wealth in the housing market, which has been slower to recover, whereas white households have more diversified savings portfolios. This diversification is partly due to access to more wealth-building vehicles. For example, research shows that access to employer-sponsored retirement plans, such as 401(k)s or Individual Retirement Accounts (IRAs) vary by race, with 38% of Latino employees covered and 54% of black employees covered, compared to 62% of white employees.[9] The stock market where these accounts are held has seen a faster recovery since 2008, while the housing market has not.

Adults and Youth Enter the Workforce System with Various Financial Challenges



Financial Capability Services Can Mitigate Challenges by...

Providing individual **financial coaching or counseling**	Connecting clients to **safe and affordable financial products**	Providing savings vehicles, such as **matched savings or retirement accounts**	Promoting asset building through **affordable housing, entrepreneurship, and higher education**
Offering resources on **managing credit and debt**	Delivering **financial education**	Coordinating **free tax preparation**	Facilitating **access to public benefits**

Low- and moderate- income workers encounter numerous challenges to maintaining stable employment creating problems for the workers, families and employers. Research shows that adults who enter workforce development programs generally have four to five financial challenges beyond being unemployed; these create barriers to gaining and maintaining employment.[10] These challenges can include the following, but may vary depending on the population[11] being served:

- Transportation issues (lack of savings to purchase a car, lack of public transportation, lack of savings for car repairs)
- Un- or underbanked, creating a higher probability of using check-cashers or other alternative lending services that charge high fees that reduce take-home pay
- Childcare issues (lack of affordable and quality childcare, lack of transportation to childcare, hours do not match adult's schedule, childcare being closed on certain holidays or days in general)
- Low credit scores can create a lack of lending options and increase usage of high-risk loans, such a payday loans that reduce take-home pay
- Unstable housing, causing commutes and transportation budgets to change rapidly and frequently
- Low savings for emergencies, such as a car repair or medical bill, or to make up-front deposits for cell-phones or larger asset purchases[12]

Integration of Financial Capability Services into Workforce Programs Yields Improved Employment Outcomes

Workforce development programs and financial capability services share similar goals; both focus on ensuring individuals have the tools to participate in, contribute to and benefit from the mainstream economy. These services are strongly interrelated and become less effective when siloed.[13] Many youth and adults come to workforce development programs not only struggling to find a job but also with other financial challenges. Financial capability services have a track record of increasing employment outcomes while addressing the other dimensions of an individual's financial life. Evaluations have shown that by integrating financial capability services into employment services, job placement rates, number of hours worked, wages and job retention all tend to increase.

> "…financial empowerment has already produced compelling evidence that the innovative strategies being used nationwide to improve residents' financial stability have this 'supervitamin' effect when inserted into traditional social services."
>
> **– New York City Office of Financial Empowerment**

JOB PLACEMENT

The **Capacity Building Initiative**, launched by the New York City Office of Financial Empowerment found that financial counseling made a difference for participants in two city workforce development programs. Clients who also received financial counseling, which included reviewing credit reports, establishing budgets, opening checking or savings accounts, or paying down debt, had higher job placement rates compared to individuals who only participated in the workforce development program.[14]

HOURS WORKED

The **Small Business Services (SBS)** program[15] in New York City began offering new financial development strategies, such as pulling credit reports and opening bank accounts, with their core business services. Participants who opened a checking account secured **12 additional hours** of work per week compared to participants who did not complete any financial capability milestones.[16]

WAGES

Clients at **Center for Employment Opportunities (CEO)**, which serves formerly incarcerated adults, provides job training and links to full-time employment. Research found that those who received financial counseling with employment services earned a higher average salary after one year of employment than comparison group clients. The counseling group was getting paid an average of $11.80 per hour, while the comparison group was getting paid an average of $10.72 per hour; after a year of employment, this would amount to more than $2,200 in increased yearly pay for the counseling group.[17]

JOB RETENTION

Nationwide, the **Family Self Sufficiency (FSS) program**[18] found when combining asset-building products and coaching with a social service program that participants who graduated from the five-year program **stayed employed** for longer periods of time than individuals who left the program early.[19]

Workforce Development Programs Serve as an Optimal Channel to Scale Up Delivery of Financial Capability Services

FROM THE FIELD

Washington DC's Summer Youth Employment Program (SYEP)

Forty-six percent of young adults (age 15 -24) are currently unbanked or underbanked. The **DC Department of Employment Services and Bank On DC** partnered to offer financial education and access to a checking and/or savings account to participants in the SYEP. In 2013, more than 5,200 youth opened accounts through the program. SYEP also provides instructor-led and web-based financial education. Evaluations demonstrated an increase of 19 percentage points on financial questionnaires administered before and after the SYEP.

FROM THE FIELD

Assessing Financial Capability Outcomes (AFCO)

The **AFCO pilot** paired access to a basic checking account with an average of one to two hours of financial counseling for a population of adults who were transitioning off of public benefits in New York City. All 1,034 participants were offered safe, affordable bank accounts with direct deposit, and half were offered free one-on-one financial counseling with trained providers through New York City's Financial Empowerment Centers. Overall, participants who received the one-on-one counseling were more likely to stay current on debt payments at the six and 12-month follow-ups. Moreover, the results demonstrated that integrating access to accounts into the transitional workforce program dramatically increased the banked status of the entire population.

FROM THE FIELD

Compass Working Capital (Compass)

Compass, a nonprofit leveraging Financial Self-Sufficiency (FSS) programs in Massachusetts, provided quality financial coaching to their participants in addition to the FSS employment services and saw their clients experience significant increases in annual earned income. After **12 months one participating** FSS program saw their participants experience an average annual income increase of $2,916. Participants also had substantial improvements in their credit and debt measures. For example, 60% of participants reduced their debt by an average of $3,801 in the first 12 months. Furthermore, 68% had improved their credit score by an average of 43 points in the first 12 months.

Workforce development programs provide a key leverage point to strengthen a households overall balance sheet. Research finds that moments when people can use their financial skills and knowledge—such as when they start a new job or receive a paycheck—are ideal for facilitating sound financial decisions and connecting them to financial services because it's most relevant to their lives. They are also more likely to put what they have learned into action immediately, as they have the skills, tools and income to practice what they learn.[20]

Financial capability services often require providing ongoing support as consumers attempt to change financial behaviors.[21] One-time financial capability service, such as pulling a person's credit report or opening a bank account, can be effective in the short-term but often are not associated with long-lasting behavior changes. One example of a long-term intervention is to provide financial coaching, which creates a collaborative process that focuses on long-term financial outcomes and behavior changes.[22] Integrating this service, or others, into workforce development programs would capitalize on the millions of adults and youth served by this system each year. Additionally, the time spent and the trust built by a workforce counselor can be leveraged to inquire about a client's entire financial picture, ideally mitigating challenges outside of employment before they influence gaining and maintaining employment.

Some direct service models, such as the Annie E. Casey Foundation's Centers for Working Families and LISC's Financial Opportunity Centers, among others, are using employment placement as an entry point while providing other services to give clients more comprehensive assistance and to boost their household finances.[23] Although clients who experience integrated services are far more likely to succeed at becoming financially stable, integrated service delivery is still not standard practice or even encouraged within major workforce funding streams. Many organizations that want to incorporate financial capability services are left to find outside funds for these services as "add-on" services or not at all. There is an opportunity to leverage the workforce system, which serves millions of adults and youth every year, and to begin to provide these clients with all the tools they need to be financially secure.

Employer-Based Financial Capability Services Can Boost Productivity and Retention

Addressing financial challenges is a win-win for employers and employees. Employees' financial challenges become employers' productivity problems. Employers are beginning to recognize how the lack of financial stability and capability outside the workplace can lead to stress, distraction and absence from work. This diminishes employees' overall productivity.[24] As employees become increasingly stressed about managing finances or saving for emergencies, workforce development programs and employers have something to gain from helping workers navigate financial challenges.

Financial Stress Impacts Productivity at Work

1 in5 employees reported they had **skipped work in the past year to deal with a financial problem**.

76% of Americans say they are **stressed about money**

58% of employers say **financial stress contributes to employee absences**

78% of employers say employees are **less productive at work when they are worried about personal financial issues.**

Source: CFPB, 2014; President's Advisory Council on Financial Capability, 2012

Services based at the workplace can address financial challenges outside of work that contribute to financial stress, employee turnover and frequent absences from work. Many low- or moderate-wage workers would benefit from onsite tax assistance, financial coaching or assistance signing up for affordable health insurance through a state or federal exchange. For employers that already provide access to health or retirement benefits, it is in their interest to provide other benefits that may increase uptake in these programs and reduce overall financial stress for their employees. $tand By Me, a coalition of community partners in Delaware, provides financial coaching services to state residents and works with employers to provide services during work hours. Employers who have made a financial coach available report increased job retention and happier employees and view it as a valuable addition to their benefits package.[25]

Initiatives like this exemplify a public-private partnership that can create benefits for both employee and employer. Integrating financial capability services in the workplace would help human resource departments understand in greater depth the financial struggles that their low- and moderate-income employees may face and mitigate challenges before they impact their productivity or loss of employment.

FROM THE FIELD

EmergeWORKS

EmergeWorks combines a temporary staffing business platform with supportive services to help people with barriers to employment enter and advance in the workforce. Employees have access to new industry-specific training, expanded employment opportunities, along with soft skill and job readiness training. Services are provided to employees prior to and during employment from on-site workforce coaches. Financial capability services, such as financial coaching, income support screenings and financial education, are provided at the EMERGE Financial Opportunity Centers. The workforce coach also provides one-on-one assistance and looks at resources related to child care and transportation. The **Cara Program**, a similar alternative staffing program in Chicago, has tracked **impact** of these more robust services on employees finding that participants have higher job retention, higher wages, higher annual savings, and higher rates of permanent housing.

FROM THE FIELD

Goodwill® Industries International

Goodwill® employs more than 50,000 hourly employees, many of whom receive their wages via paper checks. For employees who did not have bank accounts, many reported paying high fees from check-cashing services and challenges tracking their spending habits. Goodwill® saw an opportunity to decrease their paper payroll expenses and help their employees with a low-cost alternative to predatory lenders. Goodwill® is currently piloting NetSpend's Skylight cards, a low-fee, high-quality payroll card product, to see its' impact. This product has the potential to address financial concerns for both the employer and the employee.

FROM THE FIELD

myRA

myRA removes barriers to save for retirement by creating a basic, no-fee Treasury bond purchased directly through a worker's payroll deductions. A worker can start saving through myRA with as little as $25 and can save as little as $5 through each payroll deduction. The accounts are also fee-free for the consumer—every dollar saved is truly a full dollar saved for the future. The U.S. Treasury is implementing myRA with a small group of employers, with plans to expand access to workers nationwide. This simple, safe and affordable product creates an opportunity for working families who otherwise lack access to retirement accounts, empowering them to save for retirement and other assets.

Structural Barriers to Integrating Financial Capability Services Exist

Service integration is a more effective service delivery model to get individuals employed and financially stable. However organizations and social service agencies face systematic barriers to integrating financial capability services into their models. These barriers act as unnecessary obstacles to helping households gain long term financial stability. For example, simply finding the funding to start successful integration initiatives requires upfront investment to develop a strategic plan that identifies the services that would most benefit clients, details how integration will happen and establishes the methods and timelines for evaluating outcomes.

1. **Inadequate and restrictive outcome measures.** Large federal workforce programs' outcome measures do not account for a client's long-term financial well-being. This is in part because funding streams, such as Workforce Innovation and Opportunity Act (WIOA) and Temporary Assistance for Needy Families (TANF), have outcome measures based on short-term successes, such as employment rates and caseload counts. This forces service providers to focus on meeting short-term goals, which usually means programs serve the most "easy to employ" clients and consequently ignore those with multiple financial challenges or low qualifications.

   Current outcome measures will continue to dissuade programs from engaging those difficult to serve, causing these individuals to cycle in and out of government programs for a longer period of time. Services will continue to focus on solely gaining employment, despite it not being a guaranteed step to financial security. Identifying financial challenges beyond lack of employment, such as low savings or lack of access to affordable financial products, could potentially mediate future challenges, and help clients avoid returning to the workforce development system.

2. **Disjointed social service system.** Although direct service providers know that clients often need multiple services to address their multiple financial challenges our social service system and workforce development systems remain mostly siloed and disjointed. In order to access work supports, such as food stamps, child care vouchers or free tax preparation assistance, individuals have to visit multiple locations, which is cumbersome and inefficient. The workforce development system is especially splintered. A 2011 U.S. Government Accountability Office (GAO) study reported that in fiscal year 2009, nine federal agencies spent approximately $18 billion to administer 47 employment and training programs.[26] The various social service programs have different outcome measures[27] and eligibility requirements, such as asset holdings or income thresholds, which create confusion for clients and administrators when trying to enroll them in multiple services.

   A cohesive social service system would allow states to respond more effectively to the financial challenges faced by their clients. Additionally, programs that provide services to adults and children are often delivered in separate locations, despite their interaction and joint impact on the household level. The workforce development system has the potential to start looking at a family's needs more holistically.

3. **Lack of availability and access to low-cost, quality financial services and products.** A key aspect of providing financial capability services is the availability of low- cost, high-quality financial services. In 2013, the Federal Deposit Insurance Corporation (FDIC) reported that 9.6 million U.S. households are unbanked, lacking any kind of account at an insured depository institution. Low-income households (with income under $15,000) had significantly higher unbanked rates (28%) compared to households earning above $50,000, of which only 2.2% were unbanked.[28] Credit unions have taken the lead in developing and marketing low-cost, high-quality products to low- and moderate- income consumers, but credit unions tend to be less conveniently located and are less numerous than traditional bank branches.

   This lack of access to mainstream financial products and services decreases a workers ability to save and increases their household's financial vulnerability. The FDIC has found that entrances and exits from the banking system are often associated with changes in employment and income.[29] Interventions designed to help households maintain and renew their banking relationship through changes in employment may reduce unbanked rates over time.

4. **Disincentives for low- and moderate- income households to build savings.** Many public benefit programs—including SNAP, TANF, SSI and LIHEAP—require participants to have little to no savings before enrolling. Low- and moderate-income participants in workforce development programs often use these benefits to stay afloat or use them as vital work supports after they find employment. Unfortunately, households often have to spend down their assets to receive this assistance.[30] Low- and moderate- income households in turn might miss out on opportunities to build savings or live in fear because of these disincentives. These asset limits can prolong stays on public assistance, delaying financial independence and well-being.

Federal Workforce Programs that Could Integrate Financial Capability Services

This table lists programs that support employment and job training in various federal agencies. As pilots in larger funding pools are initiated, there is an opportunity to look at these other programs and integrate financial capability services in the future. This list is not exhaustive.

Agency	Program	Population
U.S. Department of Labor	Workforce Innovation and Opportunity Act (WIOA), YouthBuild, Job Corps and Youth Corps, Workforce Innovation Fund (the "WIF")	Youth and adults entering or re-entering the workforce
U.S. Department of Health and Human Services	Temporary Assistance for Needy Families (TANF)	Adults entering or re-entering the workforce
Corporation for National Community Service (CNCS)	Americorps VISTA, Senior Corps	Young adults and Seniors
U.S. Department of Justice	Prisoner reentry program/skills training	Adults entering or re-entering the workforce
U.S. Department of Commerce	Economic Development Administration (EDA) funds	Adults entering or re-entering the workforce
U.S. Department of Agriculture	Rural Development loans, SNAP Employment and Training Program	Adults entering or re-entering the workforce; community focus
U.S. Department of Housing and Urban Development	Financial Self- Sufficiency (FSS), Moving To Work (MTW), HOPE VI, Resident Opportunities and Self-Sufficiency Program (ROSS)	Low-income adults entering or re-entering the workforce
U.S. Department of Veterans' Affairs	Vocational Rehabilitation for Disabled Veterans	Veterans entering or re-entering the workforce

Source: GAO, 2009

The Federal Government should Encourage More Integration of Financial Capability Services in Workforce Development Programs and the Workplace

Workforce development programs should help families and individuals move from financial insecurity to financial well- being. Financial capability services are a key part of this process. CFED's Household Financial Security Framework focuses on *learning* financial skills, *earning* income through work or other sources, *saving* for the unexpected and the future, *investing* in assets that will generate wealth and *protecting* assets by avoiding predatory practices.[31] Policymakers should assist families and individuals by removing barriers to integrating services that are necessary to move households to financial security.

Integration allows us to leverage existing service entry points and create more comprehensive solutions to an individual's financial challenges, while providing workforce development or workplace interventions. Integrating financial capability services improves on what programs are currently providing by boosting the impact of their core service. As this field grows, policy has an important role to play in standardizing the field and removing barriers for programs who wish to help their clients address other financial challenges.

1. **Congress and federal agencies should adapt workforce program outcome measures to focus on long-term financial security.**

   Workforce development programs should be incentivized to incorporate financial capability services so they can use their resources to provide safe and affordable financial products, develop emergency savings, repair credit and decrease their clients' debt without approval from program administrators in order to boost employment outcomes. A strategic overhaul of all the current and numerous outcome measures in the social service system takes Congressional action. However, the Department of Health and Human Services (HHS) and the Department of Labor (DOL) can provide state waivers to employment programs that want to innovate their programs in part by changing the performance measures to look at long-term financial well-being and in order to measure their program's services more effectively. Some possible outcome measures to evaluate long-term financial stability could involve looking at whether a clients has:

   - A livable income that reaches Self-Sufficiency Standard[32]
   - A credit score above 650 or above
   - Savings equal to three months of living expense
   - Debt less than 40% of monthly income[33]

2. **DOL should implement WIOA's new youth literacy component with financial capability services.**
   DOL's youth programs focused on employment, such as Job Corps, YouthBuild, and state- or city-run youth employment programs, have program components that are intended to help youth "manage their finances" and "achieve economic self-sufficiency." However, very few of these programs take the additional steps to provide impactful financial capability services. The Workforce Innovation and Opportunity Act (WIOA) of 2014 requires a new financial literacy component for all locally run youth workforce programs.[34] There is some concern that programs may only provide classroom-based initiatives that have been demonstrated to be less effective than more hands-on and interactive services.

   DOL should ensure that information about the benefits of providing financial capability services is distributed to program managers prior to this part of the law going into effect. DOL can also provide tools that programs can utilize to develop a strategic plan that identifies the services that would most benefit clients, details how integration will happen and establishes methods and timelines for evaluating outcomes. One tool that can be leveraged in youth employment programs is *Your Money, Your Goals,* which is a tool created by the Consumer Financial Protection Bureau (CFPB) which youth employment programs can use to facilitate a conversation with their clients to set long-term saving goals and build skills around financial management.[35] Implementing this new youth literacy component in this way could have a huge impact by giving youth access to the tools, skills and knowledge to successfully reach long-term financial security.

3. **DOL's Workforce Innovation Fund should be awarded to applicants that are integrating financial capability services into their workforce programs.**

   The Workforce Innovation Fund (WIF) should be granted to programs with an innovative strategy for integrating financial capability services and a robust evaluation plan. The WIF was created with the foresight that workforce development programs will frequently be called upon to do more with less. WIF grantees are tasked with "(a) retooling service delivery strategies and/or policy and administrative systems and processes to improve outcomes for workforce system customers and (b) evaluating the effectiveness of such activities appropriately."[36]

   The Department of Labor (DOL) should think of employment and financial capability services as two-sides of the same coin and leverage the opportunity to fund innovative approaches to build an individuals' financial capability while they look for employment and after they find employment. Collecting data on these innovative approaches will strengthen the argument to expand financial capability services in all government-sponsored workforce programs and change the outcome measures to account for these expanded services.

4. **Federal agencies should release notices and provide training to non-profit partners re: the benefits of integrating financial capability into employment programs.**

   Despite the benefits of financial capability services many workforce development programs know little about the benefit and possible impact of integrating these services into their core offerings. The Department of Labor (DOL), Health and Human Services (HHS), and Housing and Urban Development (HUD) should release notices regarding (1) the benefit of financial capability services, (2) highlighting case studies which describe how state workforce programs are integrating these services, and (3) presenting resources such as CFPB's *Your Money, Your Goals* and HHS' *A Planning Guide for Financial Capability Services Integration*[37] to programs to assist them moving forward. This joint messaging would create more continuity between workforce programs and help various programs access best practices and tools to facilitate the integration of financial capability services into their programs.

5. **Federal agencies should generate an inter-agency collaboration that issues competitive grants to workforce development programs that integrate financial capability services.**
   The Department of Labor (DOL), Health and Human Services (HHS) and Housing and Urban Development (HUD) should initiate an inter-agency committee focused on integrating financial capability services into workforce development programs. There is precedent for this type of interagency partnership, such as the Sustainable Communities Initiative between HUD, the Department of Transportation and the U.S. Environmental Protection Agency which was tasked to help communities nationwide improve access to affordable housing, increase transportation options and lower transportation costs while protecting the environment.[38] Through this new interagency partnership there could be an opportunity to release joint Notices of Funding Available (NOFAs), requesting programs to propose innovative ways to integrate financial capability services into their employment programs. This collaboration would be a step toward creating a more cohesive workforce system that would be able to respond to all of the financial challenges facing households and individuals.

6. **Federal agencies should ensure that workforce programs get clients banked.**
   Providing banking products to adults transitioning off public benefits has proven a successful access point to get vulnerable populations banked. The Department of Labor (DOL) and Health and Human Services (HHS) should incent state and local WIOA and TANF programs to work with local initiatives and financial institutions to implement safe, affordable banking options for low- and moderate-income clients, such as Bank On. Federal workforce development programs and companies that employee a large low- and moderate-income workforce should be encouraged to partner with private banking institutions to get their workers banked. Ensuring clients are banked when exiting workforce development programs would reduce reliance on predatory lending and provide an opportunity for Americans to start saving for emergencies and longer-term assets.

7. **DOL should encourage Workforce Investment Boards (WIBs) and employers to create partnerships that provide a continuum of services after low- and middle-wage workers get placed in employment.**
   To address the numerous financial challenges faced by workers, workforce development programs should provide services before, during and after they connect clients to employment. Workforce Investment Boards (WIBs) tend to have strong employer connections which could be leveraged to provide a continuum of services pre- and post-employment placement. Successful partnerships have existed like this in the past to address skill-gaps between industry and the unemployed populations.[39]

   Pilots have shown that when clients are continually engaged in services, such as access to bank accounts combined with financial counseling, they are more likely to continually utilize the product and change behavior.[40] As financial capability affects an employee's ability to gain employment but also be a productive employee, there are benefits for WIBs and employers to partner to think through how services can continue to be delivered after a client becomes employed. These partnerships could work to provide a range of financial capability services, such as financial coaching and access to quality financial products, while potentially preventing clients from cycling back into government assistance.

8. **Congress should eliminate disincentives for low- and moderate-income households to save.**

   Savings is vital for financial security. While workforce development programs move toward helping more low- and moderate-income households save in order to mitigate financial emergencies and build a better future, Congress needs to remove already-existing disincentives, such as asset limits. In 2014, Congress passed the Achieving a Better Life Experience (ABLE) Act which creates accounts in which people with disabilities can save without penalty.[41] Congress should use this legislative momentum to lift asset limits at least $10,000, index asset limits to inflation, or eliminate asset tests entirely for all public benefit programs. In the meantime, Congress should ensure that states maintain the flexibility to wave asset limits for state TANF and SNAP programs.

Conclusion

A job is not enough to reach financial well-being. As families struggle with various financial challenges, policymakers and practitioners need to provide new, impactful solutions that increase overall financial well-being. The workforce system and the workplace provide the scale and the opportunity to expand the access to and the skills and knowledge about our complex financial system. Financial capability services address the financial challenges outside of finding employment the majority of their clients face.

To successfully integrate financial capability strategies into career pathways and the workplace, practitioners, researchers and policymakers need to clearly illustrate that rather than adding additional work to the already full plates of frontline workers, these strategies fit into the overall framework and help in achieving various workforce development programs' core goals. These policy recommendations will contribute to cultural shifts that make workforce development programs not just about checking the employment box but about getting households to reach financial stability.

Endnotes

1 Many employed Americans are not being paid an adequate income with 25% of jobs in occupations with median annual pay below $23,283. Although this brief will not be discussing the issues around low-wage work in depth, the importance of paying individuals a livable wage to support themselves and their families is not to be overlooked and is a critical step to stabilizing households financially. See "*Assets & Opportunity Scorecard*: Low-Wage Jobs," (Washington, D.C.: Corporation of Enterprise Development, 2015).

2 Alicia Atkinson, *Meeting People Where They Are*, (Washington, DC. Corporation for Enterprise Development, 2014).

3 Jennifer Brooks, Kasey Wiedrich, Lebaron Sims, Jr. and Solana Rice, *Excluded from the Financial Mainstream: How the Economic Recovery is Bypassing Millions of Americans* (Washington, DC: Corporation for Enterprise Development, 2015).

4 *Scorecard*, "Low-Wage Jobs."

5 Brooks, Wiedrich, Sims, Jr. and Rice, *Excluded from the Financial Mainstream*.

6 Nari Rhee, *The Retirement Savings Crisis: Is it Worse Than We Think?* (Washington, DC: National Institute on Retirement Security, 2013).

7 "*Assets & Opportunity Scorecard:* Credit Card Debt" (Washington, DC: Corporation of Enterprise Development, 2015).

8 Rakesh Kochhar and Richard Fry, *Wealth Inequality has Widened Along Racial, Ethnic Lines Since End of Great Recession* (Washington, DC. Pew Research Center, 2014).

9 Rhee, *The Retirement Savings Crisis*.

10 Dan Bloom, Pamela J. Loprest and Sheila R. Zedlewski, *TANF Recipients with Barriers to Employment* (Washington, DC: The Urban Institute, 2011).

11 Workforce development programs serve many vulnerable populations, such as veterans, Native Americans, people with physical or mental disabilities, refugees, and migrant seasonal farmworkers. Each of these groups presents various financial challenges that may be specific to their population. For example, refugees often arrive to the country without any credit and need assistance with credit building. More information on financial challenges varying by different populations can be found at *Family Strengthening through Integration and Scaling of Asset-Building Strategies*, (Washington, DC: Prepared for the Office of Community Services by CFED, 2013).

12 *Elements of a Successful Financial Opportunity Center*, (Washington, DC: Local Initiatives Support Corporation, 2013).

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