



## DEPARTMENT OF HEALTH & HUMAN SERVICES

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ADMINISTRATION FOR CHILDREN AND FAMILIES  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

April 27, 2015

Dear Colleagues:

On March 31, 2015, President Obama declared April National Financial Capability Month.<sup>1</sup> In doing so, the President stated that “Critical decisions -- from financing higher education to saving for retirement -- can have lasting consequences for individuals and for our country's economy. Financial literacy enables people of all ages to make smart choices and set goals to protect their hard-earned income. And increasing individuals' understanding of debt, including mortgages and credit cards, helps guarantee every person receives equal treatment and is able to secure lasting opportunity.”

*Financial capability* is a term that encompasses having the knowledge, skills, and access to financial products to manage financial resources effectively. While managing financial resources effectively can be an issue for any family, low income families face additional challenges. Research from the U.S. Financial Diaries project reveals that low-income families often deal with inconsistent and unpredictable incomes, making it very difficult to plan and save for unexpected expenses.<sup>2</sup> According to the Corporation for Enterprise Development, 44 percent of American households, and 78 percent of very low income households, do not have enough savings to sustain themselves for three months at the poverty level.<sup>3</sup>

At the Administration for Children and Families (ACF), we believe that incorporating stronger attention to strengthening financial capability can help families succeed economically, and can help human services programs better accomplish their goals. There are many examples of state and local efforts. For example:

- Delaware's Department of Health and Social Services has partnered with United Way of Delaware to create Stand By Me, which makes financial coaching services available to Delawareans in a variety of locations, including state service centers, Head Start and child care centers, community colleges, and workforce programs.
- In Texas, the Child Support Enforcement Office's Bring it Back to Texas program promoted local Volunteer Income Tax Assistance (VITA) services to noncustodial parents with past-due child support payments and trained VITA volunteers to serve this population.
- In New York City, adult and youth participants in two employment-related programs that received financial counseling as well as standard program services had higher job placement rates than participants that only received the standard services, according to preliminary research.<sup>4</sup>

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<sup>1</sup> For more information, see <https://www.whitehouse.gov/the-press-office/2015/03/31/presidential-proclamation-national-financial-capability-month-2015>.

<sup>2</sup> Morduch, J. and Schneider, R. (October 2013). *Spikes and Dips: How Income Uncertainty Affects Households*. Available online at <http://www.usfinancialdiaries.org/issue1-spikes/>.

<sup>3</sup> Brooks, J., Wiedrich, K., Sims, L. and Rice, S. (January 2015) *Excluded from the Financial Mainstream: How the Economic Recovery is Bypassing Millions of Americans*. Available online at [http://assetsandopportunity.org/assets/pdf/2015\\_Scorecard\\_Report.pdf](http://assetsandopportunity.org/assets/pdf/2015_Scorecard_Report.pdf).

<sup>4</sup> *Building Financial Counseling into Social Service Delivery: Research and Implementation Findings for Social Service Programs*. (September 2014) New York City Department of Consumer Affairs, Office of Financial Empowerment.

- Inspired by the Center for Working Families model developed by the Annie E. Casey Foundation, several community colleges have offered a combination of employment and career advancement services, access to income and work supports, and financial coaching and education to students. Data from 2010 indicates that students at Des Moines Community College that received these services were more likely to enroll for a subsequent term than the college-wide average.<sup>5</sup>

In support of National Financial Capability Month, ACF is issuing notices to a broad range of ACF-supported programs to highlight the importance of financial capability and to encourage programs to consider how they can structure their services and activities to strengthen financial capability among the populations they serve. These notices are available at <http://www.acf.hhs.gov/programs/ocs/news/acf-supports-national-financial-capability-month>.

We hope you find these materials helpful, and we encourage you to explore ways you can integrate financial capability services into your programs. Some steps you might consider are to:

- Form and lead a state working group to review *Creating Financially Capable Communities: A Resource Guide*,<sup>6</sup> which was created by the President's Advisory Council on Financial Capability to support the financial capability efforts of leaders in states, tribes, and local governments, and ACF's new *Building Financial Capability: A Planning Guide for Integrated Services*<sup>7</sup> and develop a plan for how your state can integrate financial capability into human services programs.
- Prepare front-line staff for conversations on financial capability through training on the *Your Money, Your Goals* toolkit<sup>8</sup> created by the Consumer Financial Protection Bureau (CFPB).
- Include information on financial capability tools and services in your outreach and application processes. For example, program applicants and recipients could be provided with information on the earned income tax credit and the Volunteer Income Tax Assistance (VITA) program along with a list of VITA sites in your state.

Thank you for the all the work you do for the people of your state.

Sincerely,

Mark H. Greenberg  
Acting Assistant Secretary  
for Children and Families

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Available online at

[http://www.nyc.gov/html/ofe/downloads/pdf/Research\\_BuildingFinancialCounselingintoSocialServiceDelivery.pdf](http://www.nyc.gov/html/ofe/downloads/pdf/Research_BuildingFinancialCounselingintoSocialServiceDelivery.pdf)

<sup>5</sup> *A Successful Strategy for Promoting Financial Stability*. (October 2013). Working Families Success Network.

<sup>6</sup> Available online at <http://www.treasury.gov/resource-center/financial-education/Documents/Local%20Guide%20-%20Creating%20Financially%20Capable%20Communities.pdf>. More information about the President's Advisory Council on Financial Capability can be found at <http://www.treasury.gov/resource-center/financial-education/Pages/Advisory.aspx>.

<sup>7</sup> Available online at <http://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>.

<sup>8</sup> For more information, see <http://www.consumerfinance.gov/your-money-your-goals/>.