

Family Violence Prevention & Services Program

To: Family Violence Prevention and Services Program Grantees

Subject: Information and Resources Related to Financial Capability

During National Financial Capability Month, we at the Family Violence Prevention and Services Program in the Family and Youth Services Bureau (FYSB) ask that you review this memo about financial capability resources herein to enhance your work on economic justice or advocacy on behalf of families impacted by domestic violence. As you know, there is a significant connection between domestic violence and poverty. Women living in disadvantaged neighborhoods are more than twice as likely to be the victims of intimate violence compared with women in more advantaged neighborhoods¹. Over half (51%) of participants in a survey of 1,500 domestic violence survivors reported themselves to be in financial trouble, including many not being able to pay their bills.² Economic abuse is one of the many forms of domestic violence. Due to economic abuse, victims are often undermined or face challenges when managing finances. A majority of victims report that financial dependency is a reason why they stay in abusive relationships. In one study, 50% of abused women stayed because they did not feel they could support themselves and their children.³ Challenges for victims may include lack of financial literacy and not having acquired practical skills in financial management. In addition, domestic violence can have a negative financial impact for victims. For instance, the impact on victims' employment can be devastating because victims may need to leave work to address legal, health and other issues; abusers may interfere with and even prevent work activities; and ultimately, victims may lose their jobs. Those experiencing intimate partner violence will likely face challenges maintaining steady employment. A 2003 CDC study found that violence against spouses, dating and intimate partners cost nearly eight million days of paid work for victims, which is the equivalent of 32,000 full-time jobs.⁴ To help victims better gain financial management skills and understand the dynamics of financial abuse, we believe these resources will support your efforts to increase financial literacy, skills and access to resources for victims and their children.

This notice is to provide information about financial capability resources to Family Violence Prevention and Services Program (FVPSA Program) grantees and to highlight the potential role of financial capability services in your work. Financial capability is the capacity, based on

¹ National Institute of Justice (NIJ). (2004, September). *When violence hits home: How economics and neighborhood play a role*. Washington, DC.

² Lyon, E., Bradshaw, J., & Menard, A. (2011). *Meeting survivors' needs through non-residential domestic violence services & supports: Results of a multi-state study*. Harrisburg, PA: National resource Center on Domestic Violence.

³ Sullivan, Cris, et al, *After the Crisis: A Needs Assessment of Women Leaving a Domestic Violence Shelter*, 7 VIOLENCE AND VICTIMS 267 (1992).

⁴ *Adverse Health Conditions and Health Risks Behaviors Associated with Intimate Partner Violence*, Centers for Disease Control (2005).

knowledge, skills, and access, to manage financial resources effectively. Building capacity is a critical aspect to supporting the vision of the Administration for Children and Families (ACF): “Children, youth, families, individuals, and communities who are resilient, safe, healthy, and economically secure.” The FVPSA Program is taking the opportunity provided by National Financial Capability Month to highlight the importance of financial capability for your participants/constituents.

Background

Financial capability may be a new term for many. This concept developed out of a need to talk about something broader than financial education or financial literacy. For example, someone may be educated about financial concepts, but if they are unable to access safe, affordable financial services, they are not able to act on their knowledge. Financial capability is a framework for a broader approach to laying the foundation for economic well-being and stability.

Financial capability can be affected by a wide variety of policies, activities, and services. In recent years, there has been growing interest and experimentation with combining financial capability strategies with other social services programs. For example, in Delaware, the Department of Health and Social Services partnered with United Way of Delaware to create \$tand By Me, making 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 Head Start and child care agencies, the services are available both to parents and employees, and Delaware’s State Office of Early Learning and the Office of Childcare Licensing has worked with \$tand By Me to incorporate financial coaching services within the state’s early child care quality initiative as either an employee benefit or a community service so that agencies get credit for this work.

Another example is the Texas Child Support Enforcement Office’s Bring it Back to Texas program, which promoted local Volunteer Income Tax Assistance (VITA) services to noncustodial parents with past-due child support payments and trained VITA volunteers to serve this client population. The volunteers helped parents work through specific issues related to refund garnishments and made referrals to community-based organizations to help with other financial issues.

Preliminary research findings indicate that financial capability services in combination with other programs may be a positive impact on those programs’ outcomes. 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 standard services.⁵ Additionally, after one year, the adult participants that had received financial counseling had higher wages than non-participants. Inspired by the Center for Working Families model developed by the Annie E. Casey Foundation, several community colleges across the nation have offered employment and career advancement services, access to income and work supports, and financial coaching and education to students. Data from 2010 indicates that

⁵ *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.

students at Des Moines Community College that received these services had a higher retention rate: 84 percent enrolled in a subsequent term compared to a college-wide retention rate of 70 percent.⁶

We are all aware of the economic challenges and financial hardship associated with poverty. Recent research indicates that this financial insecurity also impacts mental capacity, resulting in reduced cognitive performance and making it more difficult to solve problems.⁷ In one experiment, the performance of farmers performing mental tasks was tested at two points in time: pre-harvest, when they were low on funds, and post-harvest, when they had just received payment for their crops. These farmers performed significantly better on these tests after the harvest, indicating that the financial hardship experienced in the pre-harvest state impacted mental performance. Although we may think of adult mental ability as relatively fixed, we all recognize that circumstances like sleep deprivation can negatively impact mental abilities. This research suggests that poverty can have a similar impact. Improving someone's financial situation may free their cognitive resources for other aspects of their life, such as parenting, job performance, and decision making.

ACF and its federal partners have developed resources to support financial capability. This notice highlights resources selected for potential usefulness to organizations working with low-income and vulnerable populations. These resources are diverse, ranging from a system for consumer financial services complaints to a new retirement savings opportunity. There are resources that can be used directly with clients, such as the Money Smart financial education curricula, and resources for staff, such as the *Your Money, Your Goals* toolkit. There are opportunities for organizations, such as the ACF planning guide for organizations interested in integrating financial capability into current programs and the FDIC's regional coalitions for economic inclusion. We encourage you to consider how these financial capability resources could enrich the programs and services you already provide to your community.

Resources developed by ACF

- [Building Assets for Survivors of Domestic Violence Initiative](http://idaresources.acf.hhs.gov/)
<http://idaresources.acf.hhs.gov/>

Financial independence is often a pathway out of an abusive relationship. Building Assets for Survivors of Domestic Violence was a joint effort between the ACF Office on Community Services (OCS) and FYSB/FVPSA, to help domestic violence survivors manage their money and build savings and to find the most effective strategies for helping them achieve greater financial independence and strength.

- [EARNED INCOME TAX CREDIT \(EITC\) AND OTHER TAX CREDITS](http://vawnet.org/special-collections/DVEITC.php)
<http://vawnet.org/special-collections/DVEITC.php>

⁶A *Successful Strategy for Promoting Financial Stability*. (October 2013). Working Families Success Network.

⁷ Mani, A., Mullainathan, S., Shafir, E. & Zhao, J. *Poverty Impedes Cognitive Function*. (August 30, 2013). *Science* Vol. 341, no. 6149, pp. 976-980.

This collection highlights key resources for the EITC, the Child Tax Credit, Health Coverage Tax Credits, and others, highlighting resources specific to domestic violence survivors and advocates working with survivors.

- Asset Building and Individual Development Accounts (IDAs)
<http://vawnet.org/special-collections/DVAssetBuilding.php>
This special collection assists advocates working on and interested in Asset Building and Individual Development Accounts (IDAs), including how they specifically relate to survivors of domestic violence.
- Poverty and Domestic Violence
<http://vawnet.org/special-collections/DVPoverty.php>
This collection emphasizes key documents on children and poverty, how poverty is measured, the intersection of domestic violence and poverty, and media messaging.

The OCS has worked with the Corporation for Enterprise Development (CFED) to create *Building Financial Capability: A Planning Guide for Integrated Services*. This guide provides organizations with a process and a set of tools to develop a plan for integrating financial capability services into their existing programs and/or services. For example, users may begin by considering clients' current financial situations (such as poor credit), then stating the desired outcomes for clients (such as improved credit), and then determining what financial capability service is needed for clients (such as credit counseling). The guide has tools to help organizations determine how to provide the financial capability services to their clients, whether they should offer the services themselves or if there are other organizations in their community that they could refer clients to or develop a partnership with, and tools to develop implementation plans for each of these strategies. To download the guide or learn more, go to <https://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>.

Resources from Federal Partners

Financial Literacy and Education Commission

The Financial Literacy and Education Commission (FLEC) is comprised of 22 federal agencies, chaired by the Secretary of the Treasury and vice-chaired by the Director of the Consumer Financial Protection Bureau (CFPB). Many of the financial education resources created by the FLEC member agencies are available to the public on MyMoney.gov. The website is organized around the MyMoney Five building blocks for managing and growing money: Earn, Save & Invest, Protect, Spend, and Borrow. MyMoney.gov also has special sections with resources for youth; teachers and educators; and researchers. Additional information about FLEC is available at <http://www.treasury.gov/resource-center/financial-education/Pages/commission-index.aspx>.

Treasury Department

The Treasury Department (The Treasury) is the executive agency responsible for promoting economic prosperity and ensuring the financial security of the United States. The Treasury is responsible for a wide range of activities such as advising the President on economic and financial issues, encouraging sustainable economic growth, and fostering improved governance in financial institutions. The Treasury works with other federal agencies, foreign governments,

and international financial institutions to encourage global economic growth, raise standards of living, and to the extent possible, predict and prevent economic and financial crises.

- There are millions of workers in America who either do not have access to an employer-sponsored retirement plan or lack options to save for retirement. The Treasury has developed myRA (my Retirement Account), a new type of Roth IRA investment that makes saving for retirement simple, safe, and affordable. myRA is free and easy for employers to make it available to employees. Employers do not administer employee accounts, contribute to them, or match employee contributions, they simply set up payroll direct deposit in employees' myRA accounts. If your organization does not currently offer a retirement plan for employees, we encourage you to learn more about promoting myRA to employees. Resources for employers are available online at <https://myra.treasury.gov/employers/resources/>. myRA aims to give working Americans a way to begin saving for a secure financial future. myRA accounts have no fees, have no opening costs, and balances will never decline in value. To learn more about myRA overall, visit <https://myra.treasury.gov/>.

Consumer Financial Protection Bureau

The mission of the Consumer Financial Protection Bureau (CFPB) is 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 has developed several important tools to help consumers increase their financial knowledge and skills and to protect consumers from deceptive and abusive financial practices.

- CFPB's Office of Financial Empowerment encourages low-income and economically vulnerable consumers to make informed financial decisions by providing them with tools and information and by promoting a more inclusive and fair financial marketplace.
 - *Your Money, Your Goals* is a toolkit developed by the Office of Financial Empowerment for organizations that serve low-income consumers. *Your Money, Your Goals* is a resource that organizational staff can use to help the people that they serve set goals, choose financial products and build skills in managing money, credit, and debt. The full toolkit is available in English and Spanish, along with training videos and other materials at: consumerfinance.gov/your-money-your-goals/
- CFPB's Office of Consumer Response handles consumers' complaints about a variety of consumer financial services and products, including money transfers, payday loans, and credit reporting. CFPB forwards complaints to the appropriate company, works to get consumers a response to their issue, and provides consumers with status updates throughout the complaint process. Consumers can submit complaints online at consumerfinance.gov/complaint or over the phone by calling the CFPB at (855) 411-CFPB (2372) toll free. CFPB's U.S. based contact centers can help in over 180 languages, and can also take calls from consumers who are hearing impaired, have hearing loss, or have speech disabilities. The TTY/TDD number is: (855) 729-2372.
- *Ask CFPB* is an interactive online tool that gives consumers clear, unbiased answers to common consumer financial questions. *Ask CFPB* contains over 1,000 easy-to-read,

plain-language entries written by CFPB's subject-matter experts, and it provides definitions that translate highly technical industry jargon to help consumers better understand financial products and services. *Ask CFPB* is available in English at consumerfinance.gov/askcfpb/ and Spanish at consumerfinance.gov/es/.

- Along with the Office of Financial Empowerment, the CFPB also has three other offices focused on specific populations: Students, Older Americans, and Service members. Each of these offices has developed specific resources for those groups. To learn more, visit their websites:
 - Students - consumerfinance.gov/students/
 - Older Americans - consumerfinance.gov/older-americans/
 - Service members - consumerfinance.gov/servicemembers/
- Paying for college—consumers can get help to make informed financial decisions about paying for college at: consumerfinance.gov/paying-for-college/

Federal Deposit Insurance Corporation (FDIC)

The Federal Deposit Insurance Corporation (The FDIC) is an independent federal agency created by Congress to maintain stability and public confidence in the nation's financial system. The FDIC has several resources and initiatives that promote financial capability for low-income and underserved populations.

- Money Smart is a comprehensive financial education curriculum designed to help low and moderate income individuals enhance their financial management and investment skills. In addition to Money Smart for adults, FDIC has developed specific Money Smart curricula for children and youth, parents, older adults, and entrepreneurs. Money Smart resources are available at no cost from the FDIC, many of which are available in nine languages including Spanish. Go to <https://www.fdic.gov/moneysmart> for more information.
- The FDIC is committed to expanding economic inclusion in the financial mainstream by ensuring that all Americans have access to safe, secure, affordable, and sustainable products and services from insured depository institutions that help people achieve financial resilience and build wealth (<https://www.economicinclusion.gov/>). A sustainable and positive connection between the insured banking system and a broad range of customers benefits the safety and soundness of financial institutions and the well-being of their customers and communities. The FDIC's support for economic inclusion is an essential element of the FDIC's mission to maintain stability and public confidence in the nation's financial system, by ensuring that the financial system effectively meets the financial services needs of the broadest possible portion of the public.
- Under the FDIC's Community Affairs Program, regional Alliances for Economic Inclusion have been created across the nation. These broad-based coalitions of financial institutions, community-based organizations and other partners are working on the ground to expand basic financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial

education programs, alternative delivery channels, and other asset-building programs. To learn more about these regional efforts, including how to contact regional Community Affairs staff, go to <https://www.fdic.gov/consumers/community/AEI/initiatives.html>.

CFPB/FDIC Joint Efforts

The CFPB and the FDIC are working together to help young Americans build skills to make better financial decisions to improve their economic well-being.

- Parents and Caregivers – consumerfinance.gov/parents is the online destination that provides resources to help parents and caregivers build young people's money skills.
- Teacher Online Resource Center – fdic.gov/teachers is the online destination that provides resources and tips teachers can use for financial education lessons in the classroom.

We hope that these resources will be helpful in your work to support domestic violence survivors' safety, economic viability and well-being. Thank you for your dedication and commitment to supporting all children and families.

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