



# Leveraging Financial Education to Improve the Impact of the Workforce Innovation and Opportunity Act

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Federal Reserve Bank of Boston

## OVERVIEW

The Workforce Innovation and Opportunity Act (WIOA) includes a new financial education mandate that holds great promise for helping young adults gain critical financial literacy and capability skills. Implementing this mandate will require developing programs that are tailored to the needs and circumstances of participants in WIOA-funded youth employment programs. Developing these programs will require collaboration between youth-serving organizations at the local and state level and financial institutions. Although implementing this mandate is challenging and requires considerable technical assistance, building the financial skills of WIOA youth can be part of a holistic approach to ensuring positive outcomes.

The Leveraging Financial Education to Improve the Impact of the Workforce Innovation and Opportunity Act conference was held on December 10, 2015, at the Federal Reserve Bank in Boston and brought together staff from state and local workforce agencies, state education departments, YouthBuild and community programs, experts in the field of financial literacy, as well as Region I of the U.S. Department of Labor (DOL) and the Federal Reserve Bank (the Fed) to explore ways to improve systems leading to enhanced financial behaviors and outcomes for youth and young adults.

The purpose of the conference was to provide an opportunity for financial literacy experts to share concrete tools, strategies, and program models and to identify areas for technical assistance. Conference presenters focused on how to move from increasing knowledge to changing behavior around both financial skills and academic and workforce-readiness skills. The conference also provided an opportunity to move the conversation from financial literacy to financial capability. Experts defined financial literacy as the knowledge and skills needed to make sound financial decisions, and financial capability as a more expansive concept that includes financial literacy and encompasses access to financial services, behavioral factors, social influences, and emotions around financial matters.<sup>1</sup>

Financial education experts shared what a “financially capable” WIOA youth would look like and highlighted initiatives, delivery models, tools, and resources available to help workforce entities and

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<sup>1</sup> [JumpStart Coalition Materials](#)



DOL, Employment and Training Administration (ETA) grantees build successful programs and critical partnerships.

Attendees represented a range of organizations that had integrated financial literacy efforts into their youth workforce programs to varying degrees. Only 16 percent of attendees were just getting started without anything in place. Another 35 percent have some financial literacy programs underway that require evaluation or testing. The other half of attendees were further along in implementation.<sup>2</sup> Discussions throughout the day revealed a range of challenges to helping these youth achieve not only increased knowledge but also changes to their behavior around financial skills.

Group discussions described the current efforts, challenges, and needs for entities across each level of the workforce system to effectively implement the financial education component of WIOA. Several key takeaways emerged that can guide future technical assistance:

- ❖ There is a need for greater expertise about financial capability at the organizational and regional levels, as well as resources to support capacity building.
- ❖ Financial capability programs need to be adapted to better engage and address the needs of disconnected or out-of-school youth.
- ❖ While successful financial outcomes for individuals are a valuable long-term goal, interim metrics of systems change are important and require intentional support.
- ❖ Partnerships will be a critical strategy in wide-scale change in improving financial capability and should be a focus of technical assistance support.

## THOUGHTS FROM THE FIELD

Small groups explored what financial capability looks like for an individual, as well as how to successfully integrate supportive activities at a system level, whether for a program, region, or state. Most groups focused their discussions on individual needs and outcomes and had a harder time defining success for the system. This suggests that there is still more work to be done to define the goals at the systems level and to figure out how to measure and work towards success. The ideas included in this report capture those expressed at the conference, but are not meant to reflect majority or consensus opinions across the groups.<sup>3</sup>

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<sup>2</sup> These results are of a poll question for the attendees. See Appendix for complete results of poll questions.

<sup>3</sup> See Appendix 2 for the complete notes from the discussion groups.



### FINANCIAL CAPABILITY FOR AN INDIVIDUAL

Participants were asked to describe what financial success looks like for the people they serve. All of the descriptions of success focused on some level of self-sufficiency/stability for the individual. Several other views of success were holistic, such as to set goals/develop a pathway and commit to working towards achievement, continue with training/education/employment, or to be confident/hopeful/motivated. This suggests that staff and organizations in the workforce system may need additional guidance in distinguishing the mandate to develop programs around financial capability from their broader mission.

The two common views of success that emerged that were specifically centered on financial capacity were to have money/start saving and to understand traps and opportunities related to finances and employment. The discussion groups did identify a number of metrics that could measure whether an individual has achieved financial capability, and there was some discussion about how long an individual would need to retain these metrics to be deemed successful, including:

- ❖ Creating budgets
- ❖ Having a bank account
- ❖ Gaining access to credit
- ❖ Improving credit scores
- ❖ Having a reasonable debt to income ratio
- ❖ Using direct deposit

In this discussion, as well as in sessions presenting financial education tools throughout the day, attendees noted that there are significant challenges to meeting the needs of disconnected or out-of-school youth. These challenges range from the logistical—sporadic program attendance—to the emotional—the population often distrusts financial systems, and that distrust needs to be overcome in order to achieve buy-in and participation in financial education programs. In addition, materials and tools need to be adapted so they reflect an understanding of participants and their mindset, culture, and location (urban vs. rural).

### INTEGRATING FINANCIAL CAPABILITY INTO AN ORGANIZATION



Across the organizational, regional, and state levels, discussants struggled to articulate a vision for success but were able to identify the challenges to integrating financial capability into their efforts. These challenges can be reframed to define success, and they can serve as a useful starting point for technical assistance towards systems change.

Several challenges at the organizational level echo the challenges to serving the individual. Program staff lack understanding of the distinction between financial literacy and financial capability, and they need education and training as a starting point. Organizations that understand the relevance of financial literacy and financial capability to their clients and are ready to add programs face two design challenges: First, there are few credit-building programs for youth available. Second, organizations are not accustomed to working with banks and need education and training in order to understand banking regulations.



Attendees identified not only challenges to implementing effective financial capability activities in their organizations, regions, and states, but also resource and technical assistance support that could further their goals. In addition to a general need for funding, attendees expressed desire for both institutional and partnership support.

Several areas of technical assistance can build the capacity within organizations. Some knowledge building about financial capability, such as the clarification of age-appropriate financial goals, would be helpful. More broadly, there is a desire for more widespread dissemination of best practices and research on financial capability among organizations and with critical staff. One approach to bolstering staff expertise is to provide train-the-trainer resources so that staff members can be responsible for sharing knowledge internally. A related request for technical assistance was for an analysis of what assets are already embedded in the system at a state level.

Another area of needed technical assistance is in developing partnerships. Attendees expressed a widespread desire for partnerships, which are a critical strategy for advancing financial capability. For example, 70 percent of poll respondents identified external partners as playing key roles in delivering financial education in their programs. Technical assistance around partnerships includes collaboration across organizations, regions, and states within the workforce system. It also includes partnerships across the three types of organizations—workforce agencies, financial institutions, and employers. More broadly, attendees called for support in efforts to increase program awareness and buy-in from the community and employers.

### RECOMMENDED NEXT STEPS

The Fed and DOL are well positioned to build on the knowledge and momentum of the meeting to advance the workforce system's efforts to improve the financial capability of youth and young adults. The recommended next steps to clarify the agenda and frame the efforts across the workforce system are:

- ❖ Clarify the difference between financial literacy, financial capacity, and economic prosperity. Many programs felt they needed training for program staff on financial literacy, as well as support in how related programs in their communities can be made relevant to program participants.
- ❖ Identify success metrics for each level of the workforce system. Systemic metrics should be both interim (to ensure that conditions are in place to foster successful efforts) and long-term (change in outcomes across participants). Metrics can be identified in part by reframing the challenges identified above. For example, a region's lack of diversified funding could be reframed as an effort to identify diverse funding sources to support financial capability efforts. Once the



metrics have been identified, DOL or the Fed could provide technical assistance targeted towards each metric.

- ❖ Support partnership development across workforce agencies, financial institutions, and employers through networking and marketing. Technical assistance can also support the implementation of longer-term collaborations.

The Fed can also play a role in partnership building by helping banks and communities better understand each other. A deeper goal of these efforts is to find a way to help program participants overcome their distrust of financial institutions and offer safe financial products for participants.

### CLOSING

This first financial literacy conference did an excellent job of getting the conversations started and identifying challenges and opportunities for training and technical assistance. Attendees found value in the event and there was a consensus desire to build on these efforts in a future conference.



## Appendix I: Polling Questions

Which best describes the current status of financial literacy efforts in your youth workforce programs? (31 Responses)

- Have something in place, we can improve (45%)
- We think we have something great in place. How do we evaluate it? (19%)
- Have something in place, we want to test it to make sure it's an effective model (16%)
- None yet, just getting started (16%)
- We have something great in place and have data to support it! (3%)

What behaviors/attitudes would you want youth to exhibit after incorporating the financial education element in your youth workforce programming? (50 Responses)  
(We encourage you to respond to the poll multiple times to provide multiple ideas!)

### ❖ Primary themes

- Confidence, commitment to good financial habits, responsibility (28%)
- Building credit, has good credit, is banking and saving (26%)
- Budgeting (14%)
- Planning (10%)
- Financial literacy (10%)
- Work ethic, stability, and consistency (5%)
- Spreading the word (6%)

Given the changes outlined in WIOA, what assistance does your agency need to ensure the youth you serve become financially capable adults? (11 Responses)

- Training for your staff (45%)
- Access to partners' services (27%)
- Other (18%)
- Resource materials (9%)



Which of the delivery methods discussed are you most interested in learning more about to teach financial skills? *(13 Responses)*

- Peer instruction (46%)
- Classroom instruction (23%)
- Online instruction (15%)
- Financial coaching (8%)
- None of these/not sure (8%)

How do you, or how do you think you will deliver the financial education element in your youth workforce programming? *(14 Responses)*

- Collaborate with an external partner (36%)
- Consult with a partner to identify appropriate resources for internal delivery/develop our own curriculum (21%)
- Outsource to an external partner (14%)
- Other (14%)
- Not sure yet (14%)

How confident do you feel providing financial education elements to young adults in your programming? *(5 Responses)*

- Somewhat confident (60%)
- Unsure (20%)
- Very confident (20%)



## Appendix 2: Notes from Table Discussions

### What does success look like for Tony?

- ❖ 57 Responses
- ❖ All focused on some level of self-sufficiency/stability for Tony
- ❖ Other themes
  - ◆ Set goals/develop a pathway and commit to working towards achievement (33%)
  - ◆ Have money/start saving (19%)
  - ◆ Have a place to live (18%)
  - ◆ Be confident/hopeful/motivated (18%)
  - ◆ Participate in a job program (12%)
  - ◆ Understand traps and opportunities related to finances and employment (12%)
  - ◆ Get a job (11%)
  - ◆ Continue with education or training (11%)
  - ◆ Develop job readiness skills (7%)
  - ◆ Build a support network (4%)
  - ◆ Obtain transportation (1%)
- ❖ Similar themes can be seen in the polling question about success

### What metrics are most appropriate to measure the success of your workforce group (i.e. organization, region, or state)?

- ❖ 84 Responses
- ❖ Many of those proposed were related to participant success since this question followed the one about success for Tony.
- ❖ Metrics proposed for workforce groups centered around the following themes:
  - ◆ Number of participants with budgets, bank accounts, access to credit, improved credit scores, reasonable debt to income ratio, and direct deposit (20%)
    - How long participants retain these habits may be another metric
  - ◆ Reduced youth unemployment and homelessness (6%)
  - ◆ Number of credentials earned, number of participants completing the program (5%)
  - ◆ Number of participants with completed development plans or identified career goals (4%)
  - ◆ The diversity of skill opportunities offered by the program and area employers (4%)



- ◆ Education metrics: high school attendance, high school graduation, and community college enrollment (4%)
- ◆ Other suggestions included: program retention, staff ability to teach financial literacy skills, number of graduates acting as program ambassadors, and number of participants receiving incentives tied to benchmarks
- ❖ Metrics proposed that were more related to individual success focused on:
  - ◆ Overcoming one or more barriers and developing a work ethic (21%)
  - ◆ Developing financial literacy skills (15%)
  - ◆ Getting a job/earning money (8%)

### What are the largest barriers or challenges to achieving success for your table's workforce category (organization/regional/state level)?

- ❖ 76 Responses
- ❖ The following themes were seen in the barriers and challenges faced
  - ◆ Student buy-in (selling the need for financial literacy), engagement in the program, and skill gaps (25%)
  - ◆ Program design, state policies, and systems change (14%)
  - ◆ Understanding participants and their mindset, culture, and location specific challenges (urban vs. rural) (12%)
    - The cliff effect is a big challenge, benefits end when income is still not enough to sustain them
  - ◆ Distrust of financial systems, disconnect between financial institutions and the needs of the community, and community predators (gangs, check cashers, rent-to-own stores) (9%)
    - Working with financial institutions to help us understand their regulations and to help them understand the community needs and find ways to work together was proposed
    - The challenge of students entering the program with bad credit due to their parents was also brought up
  - ◆ Barriers to inter- and intra-agency agreements, collaboration, and the disconnect between high-level decision makers and programs (9%)
  - ◆ Barriers to opening bank accounts and access to safe accounts (8%)
  - ◆ Internal communication practices and documentation requirements of banks (7%)
  - ◆ Understanding the importance of financial literacy and competency and the difference between the two (7%)
  - ◆ Barriers to attendance (7%)
  - ◆ Staff knowledge about financial institutions, credit, credit rebuilding activities, etc. (5%)



- ◆ Staff and participant knowledge of available programs and the limited availability of programs (5%)
- ◆ Inadequate resources (time and money) (5%)
- ◆ Youth not included in metrics long term and some items are difficult to measure (3%)
- ◆ Self-confidence and varying definitions of success (3%)
- ◆ Other barriers mentioned include:
  - Challenges faced when youth are not in a community with like-minded youth and seen as outliers
  - Challenges associated with changing behavior
  - Enrollment
  - Timeliness of program content
- ◆ Challenges identified above that relate mostly to states include:
  - Communities' understanding of available programs and resources
  - Access to the internet and communication systems
  - Goals are too long term, strategies required for larger systems are not concrete enough
- ◆ Challenges identified above that relate mostly to regions include:
  - Lack of expertise in the system
  - Lack of diversified funding sources
  - Time for staff to incorporate financial literacy into current programming
  - Disconnect between high-level decision makers and realities in the field
  - System does not recognize multiple steps to success

### What else does your organization need to ensure success at the organization, regional, or state level?

- ❖ 39 Responses
- ❖ Needs expressed fell into four main categories and similar themes can be seen in the polling questions about needs, possible delivery methods, and confidence providing financial education
  - ◆ Partnership, networking and collaboration with other programs, financial institutions, and employers (36%)
    - Including conversations between different types of organizations at the regional, state, and local level
  - ◆ Staff training and technical assistance on financial literacy, certifying staff as trainers, and networking/sharing resources (23%)
    - Including clarification of age-appropriate financial goals, research, and best practices
  - ◆ Additional resources/funds (15%)



- ◆ Increased program awareness and buy-in from the community and employers
- ❖ Additional needs include
  - ◆ Incorporation of financial literacy training into current programming
  - ◆ Method for analyzing what's already in the system (state-level need)
  - ◆ More youth programs
  - ◆ Increased number of participants with bank accounts
  - ◆ More economic development and employment opportunities
  - ◆ Making financial literacy/competency a lifelong learning goal (K to gray)
  - ◆ Ability to provide holistic measures and meet clients where they are





## Appendix 3: Evaluation Results

To what extent do you agree with the following statements?

	Strongly Disagree	Disagree	Agree	Strongly Agree	Not Applicable	TOTAL
1. The length of the event was appropriate.		4*	21	18		43
2. Enough time was allotted for questions.		4	25	14		43
3. I felt my questions were answered adequately.		1	22	8	12	43
4. The content was valuable.			12	29	1	42
5. The presenters brought the right level of expertise.			13	29	1	43
6. Overall, I enjoyed this event.			13	29		42
7. I will apply information from this event to my work.			15	27	1	43

\*One respondent stated it should have been a two-day event.

1. Please identify a key concept, resource or initiative that you learned about from attending today's conference.

### Key themes in responses include:

- ❖ **Available resources** (9 responses, not included specific references below)
  - ◆ NEFE (3 responses)
  - ◆ MyPath (2 responses)
  - ◆ Jump\$tart Coalition/teacher training modules (2 responses)
  - ◆ FDIC
  - ◆ CFE Fund
- ❖ Gamification, online games, and the role of tech in financial education (8 responses)
- ❖ Collaboration with external partners (7 responses)



- ❖ Importance of financial competence for overall program success; holistic programming (5 responses)
- ❖ Young adults financial topics: planning, decision-making, short-term and long-term goals, financial literacy vs. financial capabilities
- ❖ Importance of peer-to-peer delivery model (4 responses)
- ❖ Disconnect between regional and local (client/agency) success
- ❖ Various program payment options
- ❖ Engaging external stakeholders: parents, peers, educators

2. Was there a type of potential partner organization that was NOT represented at today's event? If so, please explain.

**Only 16 respondents indicated a potential partner not represented at the event. Major themes include:**

- ❖ Financial institutions (banks, credit unions, commercial banks, credit union association) (5 responses)
- ❖ Youth (2 responses)
- ❖ City government (2 responses)
- ❖ K-12, including district career and technical education (2 responses)
- ❖ Business, for their expectations and what role they can/do take
- ❖ "Integration with workforce /career centers & CBOs"
- ❖ More practitioners

3. Did this event help you identify a potential partner for your local efforts to provide financial education? If so, please name.

**Almost two thirds of respondents (28) indicated the event helped them identify potential partners. Identified partners include:**

- ❖ Panelists represented at the event. Specific organizations mentioned include:
  - ◆ MyPath (5 responses)
  - ◆ NEFE (5 responses)
  - ◆ CFPB (3 responses)
  - ◆ D2D (2 responses)



- ◆ DOL (2 responses)
- ◆ FDIC (2 responses)
- ◆ Fed Reserve Banks (2 responses)
- ◆ Jump\$tart (2 responses)
- ◆ National League of Cities

4. Please circle your perception of the importance of building the financial skills of WIOA youth to impacting their future outcomes:

	Not Important	Somewhat Important	Very Important	Critical to Sustainable Success	Overall Responses
Before This Event	1	9	19	12	41
After This Event	0	2	12	27	41

Perception change	-2	-1	0	1	2	Overall Responses
			21	18	2	41





5. Which statement best summarizes your understanding of how to build the financial skills of your young adults based on this event?

	Number Selected	% of Responses
I now have some strong ideas of my next steps because of this event.	11	27.5%
I have some thoughts on what our next steps may be because of this event.	20	50%
I have information I need to take back to my stakeholders before deciding our next steps.	8	20%
I still have no idea how to build the financial skills of my young adults.	0	0%
N/A	4	10%

6. How would you rank the following technical assistance supports from 1 (highest priority) to 4 (lowest priority) based on your organization’s immediate implementation needs?

	Rank 1	Rank 2	Rank 3	Rank 4	Total Responses *	Overall Rank
Evaluate current programming (if applicable)	13	1	6	7	26	1
Staff training on financial topics/financial capabilities	13	12	4	0	28	2
Training on appropriate resources, curricula and programs	12	11	6	2	30	3
Develop performance metrics	7	6	6	10	28	4
N/A	1	0	0	0	5	

\* 13 respondents did not rank all four items, but used a rating system that indicated multiple options were of equal importance.



7. Has this event helped you identify a potential partner in your local efforts to provide financial education? If so, who, or what type of partner?

**This question was an error, a duplicate of question #3. Although some pointed this out or replicated their answer, others provided responses that differed from their previous response. Those other answers are:**

- ❖ WIBs
- ❖ Fed
- ❖ Financial coaching
- ❖ Yes, local City of OFE
- ❖ Panelists' organizations, such as NEFE, CFPB, D2D (Nick Maynard)
- ❖ One Stop Center
- ❖ Local financial institutions
- ❖ Adult learning—Youth in Transition program
- ❖ It provided me with potential ideas rather than actual partnerships. This is something I'd like to take to my team before deciding.
- ❖ Not really... More so ideas on who to collaborate with, there's a need to identify local partners

8. Do you have any unanswered questions about today's event or additional feedback you'd like to share?

*"I wish I was able to connect with more network and partnership during lunch. Maybe a fair that provides pamphlets and more information."*

*"Would love to see the participant list."*

*"More information on best practices in increasing greater parent and youth financial education engagement."*



*“This was a useful conference for a certain client. The client that is enrolled in my program would need more intense financial work prior to learning the financial curriculum presented here. Young people are dealing with everyday issues of survival, and saving and credit are just not a primary focus. I would very much like to hear about some programs/curriculum that meet the customer where they are rather than the pie in the sky examples.”*

*“I had an amazing session where we went into nitty gritty of program evaluation and implementation. Would love to continue the conversations around the United State if other Fed Reserves are able to share stories across regions.”*

*“#7 Table—The facilitator never engaged the participants in discussion—I wasn't acknowledged nor was I asked to participate, let alone be introduced. I am unimpressed!”*

*“I'm an individual practitioner consultant so the questions about next steps I'd take are not immediately applicable, but this hit the sweet spot.”*

*“Nope! I think the event was well paced, thorough, and informative.”*



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