



**Testimony of Linda Easley Stroman, Director of Financial Education
Capital Area Asset Builders**

Office of the State Superintendent for Education FY2012 budget hearing,
Committee of the Whole

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Good morning Chairman Brown and thank you for allowing me to testify today. My name is Linda Easley Stroman, and I am the Director of Financial Education for Capital Area Asset Builders (CAAB). Through our financial and consumer education initiatives, matched savings programs, and policy advocacy, CAAB works to ensure that everyone has opportunities to save for future goals and invest in appreciating assets that will bring wealth to their families and to the District.

For the past 14 years, CAAB has been an advocate for low-income individuals and families, with a concentration on changing attitudes and behaviors surrounding wealth and assets. Financial assets provide the foundation for a family's economic security. CAAB's programs and others like it have shown that low-income families, when provided with effective financial education and savings incentives, are able to enhance their economic security and build wealth. Many families are struggling, and are in need and in search of financial balance. They are tired of the stress and strain that the lack of good financial habits and management has on their lives; they need resources and guidance to become empowered and take control of their finances. Without the exposure to financial literacy and coaching, this vicious cycle will continue to overwhelm our residents and the future of our city.

In-depth Financial Education programs designed to facilitate behavior change, especially those targeted to working adults, are in short supply in DC. For the last four years CAAB has offered a 10-hour financial education series called "Money Management 101" to scores of residents at sites throughout the city and neighboring suburbs, graduating 296 participants in the past two years alone. Jamie Kim came to CAAB with a 6-figure debt from a recent divorce and a credit score in the 500s. By July, six months after completing her credit counseling, Jamie had paid down almost all of her debt through asset management, and had raised her credit score to 695. While her shift in debt and credit score may be larger than the average client, each month we see examples of people leaving CAAB with control of their finances for the first time.

CAAB believes in bringing our programs and services to the community, an essential component of making participants feel comfortable and receptive to the sensitive issue of personal finances. We have been able to successfully partner with many community-based organizations throughout the region, tying financial education and behavioral changes to a variety of different programs including, but not limited to, homeownership



preparation, small business development, post-secondary and vocational education and nonprofit leadership training.

CAAB has contracted with several OSSE funded organizations to provide financial literacy to their clients, but due to funding cuts and restraints, that offering was eliminated from:

- Academy of Hope – Anticipated conducting 2 Money Management 101 series (15-30)
- Washington Literacy Council – Anticipated conducting 2-3 series of our Money Management 101 series (10-20)

The opportunity to offer a series of basic financial education classes and coaching to individuals and families is vital to gaining employment, obtaining insurance, decent interest rates on installment and revolving credit, homeownership, and the chance to qualify for lower interest rate mortgages, saving for emergencies, college, and other major life goals. We want to make sure that residents have the opportunity to:

- ✓ Understand their money behaviors and habits and how they can make changes in order to build and balance their finances;
- ✓ Understand how budgeting is an art that only leads to a well-thought out plan to capture their needs, wants, and the foundation for ways to save money;
- ✓ Understand how credit works and how they can work in their favor;
- ✓ Understand our financial rights which govern our use of credit and changes made to the laws to make sure we are treated fairly;
- ✓ Understand how paying yourself first can produce a healthy mindset regarding saving money for emergencies, vacations, and retirement

One of the primary barriers to the list above is the reality or feeling of not having enough money in order to make proactive vs. reactive decisions regarding their finances. The day-to-day struggles of meeting the needs associated with housing, transportation, food, school, and children can be very overwhelming. Individuals and families are looking for methods, strategies and guidance on how to organize some of the financial areas of their lives.

The proposed cuts to OSSE will greatly impact the residents of DC. Restoring the funding would allow OSSE to continue supporting essential community organizations, and financial education could then be offered by these organizations and made available to DC residents. Each individual should have the opportunity to receive financial education prior to going back to work to make sure they feel empowered in making good financial decisions. The individuals and families these organizations serve have been deprived of the opportunity to work on their financial challenges due to the cuts to these organizations' budgets.

Financial education is a vital component of a person's journey to their overall health and wealth. CAAB is ready, willing, and most definitely able to educate and coach



individuals and families, but funding needs to be restored for all organizations receiving OSSE funding.

Thank you for the opportunity to testify today, I'm happy to answer any questions.

Respectfully,

Linda Easley Stroman
Director of Financial Education
Capital Area Asset Builders
1444 I St NW, Suite 201
Washington, DC 20005
lstroman@caab.org
www.caab.org