



**TESTIMONY OF EMILY APPEL, SAVINGS PROGRAM DIRECTOR  
CAPITAL AREA ASSET BUILDERS**

**Public Hearing on Bill 18-1007, “TANF Educational Opportunities and  
Accountability Act of 2010”**

**November 8, 2010**

Thank you, Chairman Wells, for allowing public input to this issue. My name is Emily Appel, and I am the Savings Program Director at Capital Area Asset Builders (CAAB). CAAB’s mission is to put people on the road to financial independence. We sponsor programs that help low- and moderate-income individuals and families improve their money management skills, increase their savings, and build wealth by investing wisely. Additionally, we advocate for policies that enable all District residents to build and protect financial assets.

The “TANF Educational Opportunities and Accountability Act of 2010” recently proposed by Councilmembers Michael Brown and Tommy Wells is an important step in the evolution of DC’s TANF program towards being a system that truly prepares the unemployed and underemployed to move away from cash assistance and achieve financial security. It defines the allowable primary and secondary work activities endorsed by the Federal Deficit Reduction Act of 2005 and subsequent federal regulations, and increases transparency on the success of the IMA’s system of getting TANF recipients through job readiness programs and into employment that lifts their families above the poverty threshold. It also requires the Income Maintenance Administration (IMA) to report on the number of recipients who are receiving domestic violence services, and who have been referred to and receive treatment services for substance abuse and physical and mental disabilities. The transparency provisions will strengthen IMA’s ability to monitor their staff and vendors’ performance, and target limited resources to the most effective programs. The clarified list of work activities will give IMA more options of the types of programs it can refer TANF recipients to to better meet their individual needs.

One way that the legislation could be strengthened, though, is by specifically listing “budget and credit counseling” as valuable life skills to be addressed during Job Search and Job Readiness activities. If the goal is truly to help customers achieve the greatest degree of self-sufficiency, **providing them with opportunities and resources to help them pay down debt, improve their financial literacy, and develop the skills to create and maintain a household budget and save regularly is essential.** Lack of money management skills and poor credit have clearly been identified as barriers to securing employment, so this type of training is immediately relevant to the basic goals of the TANF program. In the roundtables that IMA held earlier this year to get input on the revision of the TANF Employment Program vendor contracts, the TANF recipients that participated mentioned bad credit as a barrier to employment. This Council recognized it as a barrier earlier this year by considering Bill 18-720, the “Equal Access to Employment for All Act.”

But financial education and counseling can make a difference in how low-income people and those receiving TANF handle their money. A demonstration project with TANF recipients in Illinois found that participating in a 12-hour financial education class had a significant positive impact on targeted behaviors six months after the class had ended: 84% did a better job tracking expenditures, and 83% did better managing credit card debt.<sup>1</sup>

My organization, CAAB, has seen the same thing here in DC. Through its financial education and matched savings programs, CAAB has helped many current and former TANF recipients to improve their money management skills, improve their credit scores, develop a habit of saving regularly, and achieve their goal of buying a home, continuing their postsecondary education, or starting a small business. Here today with me is Stephanie Friday, a former TANF recipient herself and graduate of CAAB's Money Management 101 class, to share how support in strengthening her financial management skills might have expedited her departure from TANF.

Including budget and credit counseling as an allowable work readiness activity would provide the needed incentive and structure for TANF recipients who need help with their finances to access these resources from agencies and non-profits that offer them, at little to no cost to the city. It would greatly facilitate the provision of such services directly to TANF recipients because IMA would have the clear mandate to include such activities in their RFPs to new vendors. Including budget and credit counseling in the definition of work activities has precedent; the seven states on the list attached to my written testimony include financial education or budgeting in their definition of "Job Search & Job Readiness" work activities. Some of the states include budget and credit counseling in the vendor contracts for general job readiness programs, while some (North Carolina, Illinois) have issued separate contracts for these specialized services.

In closing, I want to thank the Committee for reviewing this legislation and considering our comments. I would also like to commend the Income Maintenance Administration for engaging their staff, advocates, and TANF recipients in a cross-sector dialogue in advance of the reissuing of the TANF Employment Program vendor contracts this year. It was a valuable opportunity for soliciting ideas and best practices and should serve the department well in informing the redesign of its employment contracts.

Sincerely,

Emily Appel  
Savings Program Director  
Capital Area Asset Builders  
1801 K St NW Suite M100  
Washington, DC 20006  
202.419.1440  
[eappel@caab.org](mailto:eappel@caab.org)

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<sup>1</sup> Rand, Dory. "Financial Education and Asset Building for Welfare and Low-Income Groups." Journal of Poverty Law and Policy Clearinghouse Review (May-June 2004) Volume 38, Numbers 1-2.

## Financial Education in States' TANF Job Readiness Activities

“Job Search & Job readiness” activities are generally defined by the State TANF Agencies as activities designed to prepare an individual to enter the workplace and to learn behaviors and attitudes necessary to be successful on the job. The seven states listed below have chosen to explicitly include financial education or budgeting in their definition of “Job Search & Job Readiness” work activities, according to their 2005 Annual Reports on State TANF and MOE Programs to ACF (the most recent reports available, <http://www.acf.hhs.gov/programs/ofa/data-reports/MOE-05/index.htm>).

Connecticut	“...Life skills training, orientation to the world of work, motivational exercises, <b>family budgeting</b> , etc.”
Idaho	“Active job search or work preparation activities (job readiness) include Work First assessment, classes, workshops, or one-on-one training on resume writing, how to interview, how to keep a job, <b>budgeting</b> , or setting up a business, etc.”
Nebraska	“These activities prepare clients for all aspects of being employed. Participants learn how to remove personal and family barriers to work and economic independence; develop workplace maturity skills such as motivation, reliability, punctuality, dependability, responsibility, job retention and pride in work; ... <b>budget fiscal resources</b> ; participate in family planning; and build family support and cohesion through parent and child education.”
North Carolina	“Provides skills to enhance overall employability. Participation in this activity includes, but is not limited to, exposure to job-seeking skills, improved job retention, conflict management, substance abuse counseling/treatment, goal-setting, and <b>household budgeting</b> .”
West Virginia	Provides <b>financial counseling</b> under an activity called “Community and Personal Development Services” which is similar to the 6-week Job Search & Job Readiness activity.
Wisconsin	“...Parenting/Life Skills: This activity includes participation designed to provide the person with basic skills necessary to be successful in the workforce. This could include: parenting, <b>budgeting</b> , nutrition, household management, interpersonal skills, and decision-making skills,

	time management, family planning, etc.”
Wyoming	<p>“...Job enhancement skills training includes assisting the job seeker in:</p> <ul style="list-style-type: none"> <li>- setting and implementing goals for advancement</li> <li>- <b>learning to budget money and resources</b></li> <li>- making sound decisions</li> <li>- committing to life-long learning</li> <li>- taking care of self and dealing with stress</li> <li>- balancing priorities</li> <li>- learning time management techniques</li> <li>- seeking available and affordable health insurance</li> <li>- <b>budgeting</b> for, choosing and preparing nutritional food for the family”</li> </ul>