



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

**Public Oversight Roundtable on the WIC & One-Stops
Committee on Housing & Workforce Development**

June 23, 2010

Thank you, Chairman Brown, 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). 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 the District.

First of all, I would like to voice CAAB's support for the recommendations of the DC Jobs Council for the improvement of District One-Stop Centers and the Workforce Investment Council.

I would like to add that there is another major area of service that is wanting at the One-Stop Centers: credit repair and financial education. Because employers are now checking credit scores as part of the job application process, increasing one's credit score directly impacts the chances of getting hired. The Council is considering legislation to restrict this, but it has not been passed, and as I pointed out in my testimony regarding that bill, the City should address the root of the problem by connecting job seekers with safe, affordable credit counseling, which is already available from multiple sources in the District but not widely advertised. One-Stops would be an excellent point of access to credit counseling resources, at a moment when people are likely to be motivated to work on credit repair.

In a similar vein, the One-Stops could be a point of access for basic financial education: how to set financial goals, create and maintain a household budget, address credit issues, and save for the future – skills that are crucial to obtaining employment and moving up the career ladder. Keeping a basic household budget means that clients will have a handle on their transportation costs to and from work, and child care costs if applicable. In the "Know Your Financial Rights" section of our *Money Management 101* class, we teach students that they can ask debt collectors not call them at work, which causes stress and interferes with their productivity. In the "Pay Yourself First" section we talk about the importance of saving for short and long term goals, which could include saving for higher level job training or college tuition.

To situate the One-Stop Centers as a point of access, DOES could do as little as post flyers for existing classes, but it could also go as far as hosting classes on-site. This would be a value-added service that would keep customers coming back to the One-Stops and reinforce that they are sources of useful, applicable information.

Next I will address the responsibilities of the Workforce Investment Council to develop a workforce that meets the needs of employers. The recent decline in the overall unemployment rate is encouraging, but it is not a sign that all is fixed. Unemployment in areas east of the river is still well into the double digits, showing that the opportunity to build meaningful employment is still divided by race and class. According to the 2009 *Assets & Opportunities Scorecard*, while the District ranks 1st in both two- and four-year degree attainment, it ranks 51st in four-year degree attainment by race and 38th in four-year degree attainment by income. With fewer opportunities to secure living-wage employment, attend college and build wealth, many residents are stuck on the bottom rung of the economic ladder.

The WIC could address this inequality by making sure that residents who most need help building their employment capacity receive it. Once a permanent Executive Director is appointed, the WIC should evaluate the opportunities for job training that are available in the City, and make sure our resources are directed towards programs that get people onto a career ladder, not just training them to land any job. If economic mobility and a higher tax base are our goals, then District residents must have avenues to advance to new career levels.

But the onus cannot be entirely on the city to move people up the economic ladder. District residents as a whole are pragmatic and ambitious, and there are things the City can do to encourage individuals to invest in their own career advancement. As the administrator of the District's Opportunity Accounts program, CAAB works with people every day who are tired of being trapped in low-wage jobs and dependent on public assistance. Having at least a modest income, they have committed to saving to invest in higher education or job training that will give them a competitive advantage in the marketplace. This is exactly the kind of motivation and ambition that we should encourage and support. The Opportunity Accounts program incentivizes this savings by providing a 3:1 match on up to \$1,000 of an individual's savings for higher education or job training. We currently have over 400 savers in the program, and have graduated over 600 since 1997, but its growth is hampered by the failure of the District government to honor its commitment to fund the program on an annual basis. CAAB has more than \$1 million in federal grant funds that have been awarded to match the savings of qualified individuals, but these funds require a local match, which CAAB has not received since FY 2007. The current gap between the Federal funds CAAB has secured and the local funds we have raised to date is about \$750,000. The investment we are asking the DC government for Opportunity Accounts - \$200,000 per year - would not only leverage an equal or greater amount of Federal funding, but also the personal savings of individuals who are eager to advance their careers. I encourage the Committee to see where funds from FY2010 can be reallocated so that we will not have to return any matching funds to the Federal government.

Thank you for your time, and I would be happy to answer questions about these recommendations or CAAB's work in financial education and wealth building in the District.

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