

# OFFICE OF REFUGEE RESETTLEMENT

An Office of the Administration for Children & Families

## Financial Capability Awareness: Information, Resources and Partnership Opportunities

State Letter 15-05

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Topics: Employment

**TO:** STATE REFUGEE COORDINATORS  
STATE REFUGEE HEALTH COORDINATORS  
NATIONAL VOLUNTARY AGENCIES  
PARTNERS/SHARED SERVICES AGENCIES  
OTHER INTERESTED PARTIES

**FROM:** Robert Carey, Director  
Office of Refugee Resettlement, Administration for Children and Families, U.S. Department of Health and Human Services

**SUBJECT:** Financial Capability Awareness: Information, Resources and Partnership Opportunities

**ATTACHMENTS:** Financial Capability & Partnership Resources Addendum  
(<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/orr/resource/financial-capability-partnership-resources-addendum>)

### SUMMARY:

The purpose of this letter is to underscore national efforts recognizing this past month as **National Financial Capability Month** (<https://web.archive.org/web/20191114142847/https://www.whitehouse.gov/the-press-office/2015/03/31/presidential-proclamation-national-financial-capability-month-2015>), and to provide Office of Refugee Resettlement (ORR) grantees and the full resettlement network—including any interested partners or shared services agencies—with information, resources, and partnerships to help secure lasting financial opportunities for those we jointly serve. Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively. Building this capacity is a critical aspect supporting the vision of the Administration for Children and Families (ACF): to promote children, youth, families, individuals, and communities who are resilient, safe, healthy, and economically secure.

ORR recognizes the importance of financial capability for refugee families and all resettlement populations<sup>1</sup>, particularly as we collectively seek to advance refugee integration. Promoting financial capability directly aligns with the White House Task Force on New Americans action plan to the President: **Strengthening Communities by Welcoming All Residents—A federal strategic action plan on immigrant and refugee integration**. This historic plan lays out broad goals with recommended actions, such as supporting skill development, fostering entrepreneurship and small business growth, and protecting New American workers—all of which reinforces how building financial management capacity is an important component of refugee economic integration.

### BACKGROUND INFORMATION:

The concept of financial capability developed out of a need to discuss something broader than financial education or financial literacy. For example, a person 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 taking a broader approach to laying the foundation for economic well-being and stability. It 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.

The economic challenges and financial hardship associated with poverty are well documented. Recent research indicates that poverty-related concerns such as financial insecurity can diminish cognitive performance by consuming mental resources, leaving less for other tasks and making it more difficult to

solve problems—all of which can have implications for anti-poverty policy.<sup>2</sup> Circumstances such as sleep deprivation or other stressors can impact a person's ability to perform at best capacity. This research suggests that poverty can have a similar impact. Improving someone's financial situation may free their cognitive resources for other important aspects of their life that require critical decision-making skills. These activities include parenting, health promotion, job skill development, training and performance, as well as navigating new systems, culture, and language, among other challenges that newly arriving populations face during their transition to the U.S.

Refugees and other resettlement populations often lack a credit history or savings when they arrive. Further, as part of the resettlement process, refugees begin their lives in the U.S. with a financial debt—all the while seeking to find work, affordable housing and transportation among other critical needs. In order to facilitate economic integration, it is crucial to better equip refugees to handle the financial challenges they face in their first few years in the U.S. This includes increasing access to mainstream resources, services, and opportunities to thrive as refugees and other resettlement populations<sup>3</sup> seek to rebuild their lives and achieve their potential, becoming fully engaged members of their new communities.

### **Examples of Programs and Partnerships Promoting Financial Capability**

Where research is being conducted, preliminary findings indicate that providing financial capability services in combination with other programs may have 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 the standard services.<sup>4</sup> Additionally, after one year, the adult participants that had received financial counseling had higher wages than those that had not. Inspired by the Center for Working Families model (<https://web.archive.org/web/20191114142847/http://www.aecf.org/work/economic-opportunity/center-for-working-families/>) 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 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.<sup>5</sup>

In Delaware, the Department of Health and Social Services has partnered with United Way to create *Stand By Me* (<https://web.archive.org/web/20191114142847/http://standbymede.org/>)<sup>6</sup>, which makes financial coaching services available 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 *Stand By Me* to incorporate these financial coaching services within the state's early child care quality initiative as either an employee benefit or a community service so that the agencies receive credit for this work.

The ACF Office of Community Services (OCS) partnered with the Corporation for Enterprise Development (CFED) (<https://web.archive.org/web/20191114142847/http://cfed.org/>) to create *Building Financial Capability: A Planning Guide for Integrated Services*. The guide has tools to assist organizations to 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. For example, users may begin by considering their clients' current financial situations (such as poor credit), identifying the desired outcomes for those clients (such as improved credit), and then determining what financial capability service is needed for the clients (such as credit counseling).

### **Programs and Partnerships Targeting Refugees**

Many mainstream programs and initiatives can provide great opportunity for collaboration and leveraging existing resources to support refugee economic integration efforts. For example, the OCS **Assets for Independence Program** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/ocs/programs/afi>) (AFI) promotes financial capability for low-income individuals and incentivizes collaborations with refugee-serving organizations (see **current FY2015 FOA** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/grants/open/foa/index.cfm?switch=foa&fon=HHS-2015-ACF-OCS-EI-1005>)). There are also ongoing partnership initiatives among ORR grantees seeking to maximize positive impact for refugees and other resettlement populations through increased linkages with mainstream federal or other resources.

The ORR Individual Development Accounts (IDA) (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/orr/programs/ida>) Program provides refugees with basic financial training, as well as specialized training on managing assets and focusing on specific savings goals that allow the use of IDA savings and match funds to purchase a home, fund small business development, finance post-secondary education or training, and/or support purchase of a vehicle. Refugees are often resettled into cities that have limited public transportation networks, and vehicles are a direct method for increasing capability. Achieving these specific savings goals and purchases allow eligible refugees to better access financial services, education and career training, and higher paying jobs.

- IDA Partnership Highlights: The International Institute (<https://web.archive.org/web/20191114142847/http://iine.us/>) of New England, an ORR IDA grantee, established partnerships with locally-based banks that incorporated culturally appropriate training for their staff in order to provide onsite financial literacy training and better assist refugees with accessing and navigating the U.S. banking system. Another grantee, The Business Center for New Americans (BCNA), partners with the New York Mortgage Coalition (<https://web.archive.org/web/20191114142847/http://www.nymc.org/>) to provide a first-time home buyer program led by HUD -trained<sup>7</sup> and certified instructors. The classes, sponsored through a foundation grant, address financial literacy with a focus on the processes and skills needed

to purchase a home in the U.S. Those successfully graduating from this program are eligible to enroll in ORR's IDA program with the goal of purchasing a primary home.

#### ORR also funds the **Microenterprise**

(<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/orr/programs/microenterprise-development/about>) Development (MED) program which assists refugees to establish credit history and/or repair their credit score through training, as well as accessing resources from mainstream microenterprise programs, corporations and foundations in the private sector. For example, in Fiscal Year (FY) 2014, the ORR MED projects provided 552 loans totaling almost \$4 million, of which about two-thirds were leveraged from other traditional lending sources. Overall, during the past 20 years, MED refugee clients have created approximately 10,000 businesses that have led to the creation of more than 11,000 new jobs (many to other refugees), and have provided new entrepreneurial skills and knowledge to over 24,000 refugees.

- MED Partnership Highlight—In order to achieve these goals and success stories, many ORR MED grantees partner with federal, state and local government agencies, financial institutions, and foundations in providing financial literacy training and capital to start a new business, strengthen, and/or expand an existing business to refugees. For example, BCNA, an ORR IDA grantee, leverages resources and funding opportunities for its refugee MED services through partnerships with the U.S. Treasury Department, and U.S. Small Business Administration (SBA), as well financial institutions and local government.

#### ORR's **Ethnic Community Self-Help Program**

(<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/orr/programs/ethnic-community-self-help>) supports ethnic community-based organizations in connecting refugees with community resources to assist them in becoming integrated members of U.S. society. For refugees, their active participation in resettlement is empowering and plays an important role in the integration of the entire refugee community.

- Ethnic Self-Help Partnership Highlights—The Association of Africans Living in Vermont (**AALV** (<https://web.archive.org/web/20191114142847/http://www.aalv-vt.org/>)) partners with a community development credit union to offer financial literacy classes and one-on-one financial counseling to refugees. Participants learn financial skills such as balancing a checkbook, maintaining a good credit score, how to save towards buying a house or car, and understanding credit cards. Another Self-Help grantee, the Center for Refugees and Immigrants of Tennessee (CRIT), delivers trainings to educate refugees about the U.S. banking system and fiscal responsibility. Topics are tailored to clients' needs and can cover items such as how to write a check or open a savings account, to more complex topics, such as how to apply for a home loan. In order to maximize accessibility and opportunities, CRIT will provide sessions either on-site or at the apartment complexes where refugees reside. Through its partnership with the City of Nashville's Financial Empowerment Center, refugees can also reduce debt and build assets through free, one-on-one financial counseling incorporated into existing services offered in the city.

The ACF Office of Regional Operations (**ORO** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/oro>)), which is comprised of 10 regional offices, is partnering with the federal Consumer Financial Protection Bureau (CFPB) to train 500 frontline workers on financial empowerment principles using the **Your Money, Your Goals** (<https://web.archive.org/web/20191114142847/http://www.consumerfinance.gov/your-money-your-goals/>) (YMYG) training curriculum. All ACF stakeholders—including refugee resettlement and ethnic community-based organizations—may be invited to participate in these free, in-person training sessions. Several of ACF's Regional Administrators are already collaborating with stakeholders to advance refugee integration through the YMYG training, and in some cases, working jointly with ORR regional representatives.

- Regional Partnership Highlights - ACF's **Region I** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/region1>) office (including ORR's regional representative) is working together with Granite United Way to lead YMYG trainings and promote the inclusion of refugee participants and stakeholders via collaboration with State Refugee Coordinators and local resettlement agencies. Training topics will consider emphasizing areas of greater interest for refugees. In addition, the Massachusetts Community Action Programs (MASSCAP)—an OCS affiliate of the national Community Services Block Grant (**CSBG** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/ocs/programs/csbg>)) network—helps with the planning and outreach as part of their wide range of services aiming to strengthen both urban and rural communities. Similarly, ACF's **Region III** (<https://web.archive.org/web/20191114142847/https://www.acf.hhs.gov/programs/region3>) office works with ORR and the State Refugee Coordinator to collaborate with resettlement agencies as well as ORR Ethnic Self-Help grantees, such as the Southeast Asian Mutual Assistance Association Coalition (SEAMAAC), which will send frontline workers to engage with ACF on these trainings. Through these regional partnerships, the refugee resettlement network can learn about effective strategies to manage finances, and tips for sharing those strategies with refugee families. Training participants will also receive the YMYG financial empowerment toolkit as a free take-home resource. Further, in Region VIII, ORR's representative facilitated linkages between the U.S. Small Business Administration (SBA) and a local ORR MED and IDA grantee, Community Enterprise Development Services (**CEDS** (<https://web.archive.org/web/20191114142847/http://www.cedsfinance.org/>)). Due to this key connection and the success of supporting refugee entrepreneurs, CEDS established an ongoing partnership as a grantee and **SBA Intermediary Microloan** (<https://web.archive.org/web/20191114142847/https://www.sba.gov/category/lender-navigation/working-with-sba/other-partnerships-with-sba/how-become-microloan-interme>) Program lender.

#### **Learn More about Financial Capability Resources and Connect Refugees to Services**

The Resources Addendum to this letter highlights ACF and federal resources selected for their 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

designed for service provider staff, such as the *Your Money, Your Goals toolkit*

(<https://web.archive.org/web/20191114142847/http://www.consumerfinance.gov/your-money-your-goals/>). There are opportunities for building partnerships, such as the ACF planning guide for organizations interested in integrating financial capability into their current programs and regional coalitions for economic inclusion.

ORR encourages service providers to consider how these financial capability resources could enrich the programs and services already provided to refugees and other resettlement populations in the community. ORR encourages the establishment of meaningful partnerships with mainstream coalitions for training, removing service barriers, implementing financial capability needs assessment, establishing referral protocols with local programs, and including discussions on financial capability at upcoming events. Developing key connections to build partnerships and increase refugees' access to critical mainstream resources are an important part of refugee integration. For partners and shared services agencies, ORR encourages providers to consider linkages with the resettlement network to support the full integration of refugees, strengthen existing collaborations, and consider investing in meaningful training and technical assistance partnerships which can be developed specifically to address varying cultural, linguistic and other needs that may be more specific to refugee individuals and/or families.

#### **CONCLUSION:**

Coordinated action is needed to ensure appropriate responses and support for all populations and families experiencing financial insecurity. It is important for all human services programs to partner with each other and communities to promote refugee integration and financial capability.

Thank you for your dedicated commitment to helping thousands of individuals and families reach the key connections, tools, and resources needed, to attain economic security and full integration as they build stable futures for themselves, and strengthen communities across our nation.

Robert Carey  
Director  
Office of Refugee Resettlement

Please direct any questions on this letter to the Office of Refugee Resettlement, (202) 401-9246.

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#### **Footnotes**

1. Includes newly arriving refugees as well as: *Asylees; Cuban-Haitian Entrants; Certified (foreign) Victims of Human Trafficking; Certain Amerasians from Vietnam; and Special Immigrant Visa (SIV) holders from Iraq and Afghanistan*. Like refugees, the majority of resettlement-eligible populations are also U.S.-citizens-in-waiting apart from certain exceptions. Regardless of their individual immigration status, all of these populations can receive resettlement benefits and are also eligible for mainstream federal public benefits (per categorical eligibility).
2. Mani, A., Mullainathan, S., Shafir, E. & Zhao, J. *Poverty Impedes Cognitive Function*. (August 30, 2013). *Science* Vol. 341, no. 6149, pp. 976-980.
3. Note: For the purpose of this document, the term "refugee" will often encompass all resettlement populations.
4. *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.
5. *A Successful Strategy for Promoting Financial Stability*. (October 2013). Working Families Success Network.
6. <http://standbymede.org/> (<https://web.archive.org/web/20191114142847/http://standbymede.org/>)
7. U.S. Department of Housing and Urban Development