

Integrating Financial Capability into Employment Services: Literature Synthesis



OPRE Report #2021-04
March 2021

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OPRE Report 2021-04

March 2021

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Submitted to:

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Office of Planning, Research, and Evaluation
Administration for Children and Families
U.S. Department of Health and Human Services
www.acf.hhs.gov/opre

Contract Number: HHSP2332015000771

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Suggested citation: Treskon, Mark, William J. Congdon, Cassandra Martinchek, and Alexander Carther (2021). *Integrating Financial Capability into Employment Services: Literature Synthesis*, OPRE Report #2021-04, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

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Acknowledgements: The authors thank Sam Elkin at MEF Associates; Signe-Mary McKernan and Brett Theodos at the Urban Institute; Melody Harvey at the University of Wisconsin-Madison; Tiffany McCormack at the United States Agency for International Development; and Lisa Zingman, Victoria Kabak, Emily Ross, Elaine Sorensen, Hilary Bruck, Samantha Illangasekare, and Naomi Goldstein at the U.S. Department of Health and Human Services for helpful comments and conversations that shaped the development of this brief. Any remaining errors are our own.



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Overview

Introduction

Employment and training (E&T) contexts provide opportunities to deliver financial capability interventions to adults with low incomes, but there is little evidence on the effectiveness of this channel. To address this gap in knowledge, OPRE launched the “Integrating Financial Capability and Employment Services” project, which will study the extent of financial capability interventions in E&T programs, key features of such programs, the factors that have led to their inclusion, and what evidence exists on the effectiveness of such interventions in the E&T context.

This brief looks at research on the integration of E&T services and financial capability interventions and their effects on economic outcomes for adults with low incomes. A growing body of evidence shows that financial capability programs and services may have some positive effects on participants’ financial well-being and that financial capability interventions and E&T programs might work together well to improve financial and economic outcomes for adults with low incomes in numerous ways.

Research Questions

1. What studies have evaluated the impacts of financial coaching, counseling, or education on financial outcomes among employment program participants?
2. What are the research gaps in these areas and options for future research and evaluation to address these gaps?

Purpose

Adults with low and moderate incomes face many economic challenges, such as financial instability and barriers to upward mobility, that are in part a result of low wages and limited employment opportunities. Limited knowledge of financial concepts and access to financial products and services can worsen these challenges. To help improve the financial lives of people with lower incomes, public policy funds both E&T programs and financial capability interventions (i.e., programs and services that help people build the capacity to manage their finances).

Financial capability interventions can improve economic outcomes for households with low incomes by building families’ financial skills and knowledge and expanding their access to financial resources. E&T programs provide opportunities to deliver these interventions, but there is currently little evidence on how effective E&T programs are in this role.

This literature synthesis describes the current state of knowledge relevant to existing and potential efforts to deliver financial capability interventions together with E&T programs. It is part of a larger study that aims to build more systematic evidence for policymakers and practitioners about the extent, forms, and practices of placing financial capability interventions in E&T programs serving adults with low incomes; identify research gaps; and help set up a basis for future research and evaluation in this area.

Key Findings and Highlights

- A growing body of evidence finds that financial capability programs and services may have some positive effects on participants' financial well-being, but program models vary widely and impacts differ across both outcomes and populations studied.
- Evidence and theory from both the financial capability literature and research on low-wage work and employment services suggest numerous ways in which financial capability interventions and E&T programs might work well together to bring about improvements in financial and economic outcomes for adults with low incomes.
- Over at least the past 15 years, recognition has grown among practitioners and policymakers of the potential value of offering integrated services—focused on creating connections between financial capability and workforce programming—which has led to numerous new integrated programs and models.
- There is limited research specifically examining the implementation and effectiveness of programs that integrate financial capability interventions into E&T programming. This paper suggests promising directions for future studies.

Methods

This literature synthesis, in two parts, reflects the scope and rigor of the current literature. It first reviews research on financial capability interventions and their effects, focusing on programs that served or targeted adults with low incomes. Here, the brief cites recent rigorous studies with experimental and causal evidence that show whether a program or service causes a specific financial outcome, with a focus on peer-reviewed journal articles published in the past 10 years.

The brief then reviews practices and emerging research on financial capability interventions combined with workforce programs (or “integrated programs”), including employment services within the Temporary Assistance for Needy Families (TANF) program. Compared with literature on financial capability programs, the literature on integrated programs is less established. As a result, peer-reviewed journal articles were searched, as well as gray literature, unpublished papers, and organization reports to identify rigorous studies with causal evidence that can show whether a specific integrated program improves financial or employment outcomes. More rounds of searches were conducted using the citations found in studies recommended by experts and in our searches of journal articles and organizational reports.

Recommendations

Several promising paths exist for further research:

- Additional research could support evidence-based policy and program decisions regarding program integration. Currently, a thin body of causal evidence examines the impacts of integrating financial capability interventions in E&T programs on financial and employment outcomes of participants.
- Careful research that can separately identify and precisely calculate any interaction effects from integrating financial capability interventions in E&T services would be valuable for building knowledge and informing policy and practice.
- Additional research could look at the needs (skill development, workforce reentry, etc.) for different populations with low incomes in different employment contexts (matching to jobs, staying

employed, etc.) and examine what forms of interventions (financial coaching, credit building, etc.) are most effective. Research is also needed to understand how different forms of integration—referrals versus partnerships, for example—and different aspects of implementation affect program outcomes.

- Additional research exploring the decision to participate and what it means for program outcomes may be valuable to build evidence on why workers with low incomes do or do not decide to participate in financial capability services.
- Little current research measures program costs or compares the effectiveness of different programs. Cost-benefit, cost-effectiveness, or comparative effectiveness research would allow for comparison with a wider set of alternative services for these populations and support policy decision making to most efficiently and effectively improve the economic stability and advancement of adults with low incomes.

Citation

Treskon, Mark, William J. Congdon, Cassandra Martinchek, and Alexander Carther (2021). *Integrating Financial Capability into Employment Services: Literature Synthesis*, OPRE Report #2021-04, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

Glossary

Employment and training (E&T): E&T programs include a wide range of programs and services that aim to help people build skills and get jobs to improve employment and earnings outcomes and, ultimately, financial security and economic stability. Two important categories of E&T programs that serve large numbers of adults with low incomes include the E&T parts of public safety net programs and the elements of the public workforce system that target adults with low incomes.

Financial capability: The capacity, based on knowledge, skills, and access, to manage financial resources effectively.

Introduction

Adults with low and moderate incomes face a range of economic challenges, such as financial instability and barriers to upward mobility, that stem in part from low wages and limited employment opportunities. In addition, limited knowledge of financial concepts and access to financial products and services can worsen these challenges. To help improve the financial lives of people with lower incomes, public policy funds both employment and training (E&T) programs and financial capability interventions (i.e., programs and services that help people build the capacity to manage their finances). Combining financial capability interventions and employment services holds promise for improving employment and financial outcomes.

In this brief, we look at research and practice on the integration of E&T services and financial capability interventions and their effects on economic outcomes for adults with low incomes. After an introduction to key concepts guiding the field, we divide our review of research on program effectiveness into two main sections: a review of evidence on financial capability interventions, and an overview of efforts that link together financial capability and workforce services. In contextualizing integrated programming, we provide a brief discussion of the employment and training program context and the evidence on those programs, but we do not separately review the research on workforce services, which are the subject of an extensive, distinct literature, including recent reviews (e.g., Card, Kluve, and Weber 2018; Fishman, Bloom, and Elkin 2020).

Scope and Approach

Our literature synthesis proceeds in two parts, and we tailor our approach for each part based on the scope and rigor of the relevant literature. We first review research on financial capability interventions and their effects, focusing on programs that served or targeted low-income adults. We bring together findings across financial capability studies, and, when available, cite recent rigorous studies with experimental and causal evidence that tease out whether a program or service causes a specific financial outcome. We focus our review on peer-reviewed journal articles published within the past 10 years. While the evidence base on many financial capability programs and services is relatively long-standing, focusing on this more recent period takes advantage of recently published systematic reviews and meta-analyses covering the mature literature, and allows us to focus on newer studies involving contemporary program models. We vary our discussion of findings depending on how much research there is on specific programs or services (i.e., intervention type). When there is extensive research, we discuss relevant high-level analyses (or meta-analyses) if available and highlight key studies that represent the body of literature based on our assessment. For interventions with less evidence overall, we discuss individual studies in greater detail.

We then review practices and emerging research on financial capability interventions combined with workforce programs (which we call “integrated programs” after this point), including employment services within the Temporary Assistance for Needy Families (TANF) program. Compared with literature on financial capability programs, the literature on integrated programs is less established. As a result, we searched for both peer-reviewed journal articles as well as gray literature, unpublished papers, and organization reports to identify rigorous studies with causal evidence that can tease out whether a specific integrated program improves financial or employment outcomes. We performed further rounds of searches guided by the citations we found in studies recommended by experts and in our searches of journal articles and organizational reports. We supplement this review with relevant literature, drawn from the same range of sources, on descriptive or non-causal evidence, and we end by discussing themes from the literature and naming knowledge gaps.

Note, finally, that our scope and approach to identifying and summarizing available literature in this synthesis is not intended to be fully exhaustive, or to substitute for a complete and systematic review of the

research literature on the covered topics. Our approach and this review are instead intended to synthesize across a range of sometimes interconnected, sometimes distinct research literatures investigating factors relevant to integration of E&T services and financial capability interventions. In doing so, this review highlights central findings, makes broad connections between literatures, and identifies general themes and gaps in the research.

The “Integrating Financial Capability and Employment Services” Project

This literature synthesis has been prepared for the “Integrating Financial Capability and Employment Services” project. Sponsored by the Office of Planning, Research, and Evaluation (OPRE) in the Administration for Children and Families (ACF), MEF Associates and its subcontractor, the Urban Institute, are conducting this study to better understand financial capability interventions delivered within E&T programs that serve adults with low incomes.

Financial capability interventions can improve economic outcomes for households with low incomes by building families’ financial skills and knowledge and expanding their access to financial resources. E&T programs provide opportunities to deliver these interventions, but there is currently little evidence on how effective E&T programs are in this role. This study aims to build more systematic evidence for policymakers and practitioners about the extent, forms, and practices of incorporating financial capability interventions in E&T programs serving low-income adults; to identify research gaps; and to help set up a basis for future research and evaluation in this area.

The study is undertaking the following activities to address those aims:

- **Expert consultations and stakeholder engagement.** The research team is engaging policymakers, practitioners, and researchers to identify relevant E&T programs with a financial capability component and any existing evaluations of such programs.
- **Qualitative data collection of employment programs.** The research team will conduct qualitative data collection, with methods such as a survey, interviews, and site visits, of diverse E&T programs, primarily those serving TANF-eligible populations that offer financial capability services to adults with low incomes. Information gathered from the data collection will document important factors driving the decision to incorporate financial capability services, as well as key inputs, activities, and outputs involved in offering such services.
- **Synthesis of literature.** The research team is conducting this review of the research literature to bring together existing knowledge on financial capability interventions for economically disadvantaged adults. It includes a review of existing interventions, assessment of research evidence on each intervention, and synthesis of the evidence found.

The final report from this study, expected to be published in 2023, will present findings from the survey and from other aspects of the project.

Financial Capability Interventions and Adults with Low and Moderate Incomes

Policymakers and community organizations have implemented a range of programs and services focused on improving the financial well-being of low-income adults and building their capacity to manage their finances. In this section, we review and synthesize findings from the literature on the effectiveness of these programs and services, known as financial capability interventions. We first briefly define some of the interrelated but distinct concepts and terms commonly used in this field. We then review the evidence on common or emerging forms of financial capability interventions, with an emphasis on programs and services that serve adults with low incomes.

Defining Financial Concepts

Before discussing findings from the literature on financial capability interventions, it is helpful to briefly define some concepts and terms. Table 1 provides definitions for five important concepts commonly found in the literature: *financial knowledge*, *financial literacy*, *financial access*, *financial capability*, *financial situation*, and *financial well-being*. The first four can be understood as building blocks towards a goal of increasing financial well-being.

Table 1: Financial Concepts

Concept	Definition or description
Financial knowledge	Knowledge and understanding of financial concepts, such as compound interest
Financial literacy	The skills, knowledge, and tools that equip people to make individual financial decisions and actions, such as saving or borrowing, to attain their goals
Financial access	Access to financial products and resources that promote financial stability, such as low- or no-fee bank accounts
Financial capability	The capacity, based on knowledge, skills, and access, to manage financial resources effectively*
Financial situation	The objective facts of a person’s financial circumstances and economic context within which they live.
Financial well-being	A state of being where a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow for enjoyment of life*

***Notes:** Definitions and descriptions of financial knowledge and financial access are functional definitions as employed in the text. The definition of financial literacy comes from the U.S. Financial Literacy and Education Commission, available at: “U.S. National Strategy for Financial Literacy”, September 2020, <https://home.treasury.gov/system/files/136/US-National-Strategy-Financial-Literacy-2020.pdf>.

The definition of financial capability comes from the Department of the Treasury, available at “Department of the Treasury Amended Charter: President’s Advisory Council on Financial Capability,” September 2, 2010, <https://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf>.

The definition of financial situation comes from CFPB, available at “Pathways to Financial Well-Being: The Role of Financial Capability,” CFPB, September 2018, https://files.consumerfinance.gov/f/documents/bcfp_financial-well-being_pathways-role-financial-capability_research-brief.pdf.

The definition of financial well-being is from CFPB, available at “Financial Well-Being: What It Means and How to Help,” CFPB, January 23, 2015, https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

Financial knowledge refers to the understanding of financial concepts, such as compound interest (Robb and Woodyard 2011). Decisions and actions that people take related to saving and asset-building or to taking on credit and borrowing (and the economic outcomes that follow from those decisions) depend on a person's understanding of financial concepts. Low levels of financial knowledge among people in the United States (or understanding of financial concepts, measured either through self-reporting or direct assessments) are a cause for concern among policymakers, program administrators, and other stakeholders working to promote economic self-sufficiency. In one nationally representative survey, only 14 percent of Americans were able to correctly answer all five questions covering basic financial concepts, such as demonstrating a correct understanding of compound interest, with performance decreasing slightly in recent years (Lin et al. 2019). Adults with lower incomes on average display lower levels of financial knowledge (and literacy) than the population as a whole (Lin et al. 2019). Research also finds positive relationships between financial knowledge and certain financial behaviors, such as on-time bill payment, budgeting, and saving for emergencies (Braga, McKernan, and Hassani 2019; Braga, McKernan, and Karas 2017; Hilgert, Hogarth, and Beverly 2003).

Financial literacy refers to “the skills, knowledge, and tools that equip people to make individual financial decisions and actions to attain their goals” (U.S. Financial Literacy and Education Commission 2020). It builds on financial knowledge by linking the ability to make sense of and the ability to use economic information to inform personal financial choices (Lusardi and Mitchell 2014). Literacy refers to knowledge of financial concepts and products, but also includes other elements useful for making effective financial decisions, such as numeracy and mathematical skills (Lusardi 2012), and actions like financial planning and budgeting. A growing body of research provides evidence on the positive relationships between financial literacy and important economic outcomes (Hastings, Madrian, and Skimmyhorn 2013; Allgood and Walstad 2016).

Financial access refers to a person's ability to access and take advantage of financial products and resources that have the potential to improve their financial situation. This can refer to access to mainstream financial services or to a range of targeted programs, such as incentivized savings accounts, asset-building or credit-building programs, and tax preparation services.

Financial capability refers to a person's capacity to manage their financial resources effectively, based on financial knowledge, skills, and access to high-quality financial products and services such as checking and savings accounts, retirement accounts and other restricted savings accounts, and direct deposit options (Johnson and Sherraden 2007; Sherraden 2010; ACF 2016). It can be understood as a function of a person's knowledge, literacy,¹ and access. The goal of understanding and improving financial capability is based on the premise that increasing financial capability leads to changes in financial behaviors that in turn improve financial outcomes and one's personal understanding of financial security.

Financial situation refers to the objective facts of someone's financial circumstances, factoring in the broader economic context within which someone lives. Typical markers of a person's financial situation include financial resources, ability to make ends meet, material hardship, and credit standing (CFPB 2018).

Financial well-being is the concept referencing this self-understanding of one's financial situation. The Consumer Financial Protection Bureau (CFPB) defines financial well-being as “a state of being wherein a

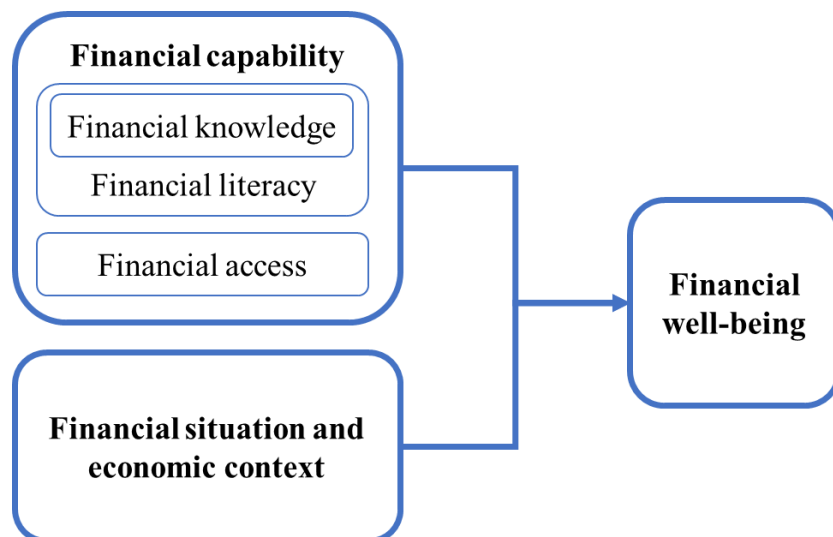
¹ In the literature, overlap often exists in how the terms financial literacy and financial capability are used and understood, and more expansive definitions of financial literacy read as quite similar to the definition of financial capability we present here. More limited definitions of financial literacy focus on understanding and knowledge and may exclude how that knowledge is put into practice. This is a common approach taken by practitioners and researchers working on financial coaching.

person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life” (CFPB 2015). Financial well-being is determined by financial behaviors (such as money management and financial goal setting) and economic outcomes (such as employment and earnings), in the context of external factors such as general economic conditions.

Financial well-being does not strictly align with income or wealth, but does account for personal context and self-perception (CFPB 2017; CFPB 2018). For example, people with high incomes may be stressed and have a low level of well-being, while those with low incomes may be comfortable with their financial situations. The CFPB names four main aspects of financial well-being: control over daily finances, ability to absorb a financial shock, being on track to meet financial goals, and having the freedom to make financial choices allowing one to enjoy life (see CFPB 2015).

Financial well-being can be understood as an individual outcome determined by the combination of an individual’s financial capability and his or her personal financial situation and economic context. Figure 1, below, illustrates how this literature synthesis approaches the relationships between these concepts.

Figure 1: Relationship Among Financial Concepts



Financial Capability Interventions

To help raise the financial capability, and ultimately the financial well-being, of adults with low incomes, the field has implemented a variety of different financial capability interventions. Table 2 lists and provides short definitions of common interventions designed to increase financial well-being. These interventions target different elements of financial capability: Financial education targets financial knowledge. Financial counseling and coaching target financial literacy. An array of programs and services target financial access, including incentivized savings and asset-building programs, programs that support access to public benefits and provide tax preparation services, and credit-building programs.

Table 2: Financial Capability Interventions

Term	Definition or description
Interventions Targeting Financial Knowledge	
Financial education	Workshops, classes, or curricula covering specific topics, such as money management, how to reduce debt, or how to manage credit
Interventions Targeting Financial Literacy	
Financial counseling	Multiple one-on-one sessions to address specific financial issues the participant is facing; session goals are defined by the counselor
Financial coaching	Multiple one-on-one sessions that focus on topics related to achieving the financial goals set by the participant
Interventions Targeting Financial Access	
Access to financial products	Providing access to (usually low-cost) financial products, such as checking and savings accounts
Incentivized savings programs	Programs that provide incentives or subsidies to promote and support saving, either for emergencies or longer-term goals
Asset-building programs	Programs, such as Individualized Development Accounts (IDAs), that support investments in assets such as a home or small business
Access to credit	Providing access to low-cost (usually small dollar) loans to those who may not qualify for traditional forms of credit
Credit-building programs	Programs that help people with poor, thin, or no credit build credit by, for example, opening and remaining current on new lines of credit
Access to public benefits	Interventions that assist qualifying individuals (usually with low incomes) in getting public safety-net and social insurance benefits
Tax preparation services	Services, such as Volunteer Income Tax Assistance (VITA) sites, that provide free or reduced-cost tax preparation services

Below, we review and synthesize the evidence on these interventions, in turn, with an emphasis on programs and services that serve adults with low incomes. Although some of these interventions are targeted to broader populations, there is growing interest in providing these programs and services to consumers with lower and moderate incomes.

Interventions Targeting Financial Knowledge

Financial Education

Financial education interventions focus on improving financial knowledge and influencing financial decisions and behavior by improving people's understanding of (and in some approaches, ability to use) economic concepts. Financial education programs typically consist of workshops or traditional classes and may be delivered in schools, in other social service programs, or as standalone programs (Xiao and Porto 2017).

Financial education programs arose as a response to low financial literacy rates among U.S. adults, particularly since the 1960s as financial products began to grow more complex (Choi 2009). These programs are offered by many different entities, including governments, workplaces, community organizations, and financial institutions. Some states also mandate financial education programs in high school. Although most programs share similar curricula, not all provide access to the same groups of people. For example, financial institution or workplace programs generally target customers or employees, while government or community programs may focus on populations with low incomes.

A growing body of research finds evidence that financial education has positive effects on financial well-being. A recent meta-analysis working paper (Kaiser, Lusardi, Menkhoff, and Urban 2020) found that financial education interventions have large, positive effects on financial knowledge and financial behaviors such as borrowing, saving, and budgeting. It also found that treatment effects for individuals with low incomes were similar to those for the general population. This not yet peer-reviewed study contrasts with previous meta-analyses that found mixed effects and more limited benefits for populations with lower incomes. (Fernandes et al. 2014; Kaiser and Menkhoff 2017). The Kaiser et al. (2020) study was able to take advantage of the recent growth of rigorous research in this space by limiting its review to only randomized controlled trial studies, finding 76 in all.

Another key question in this literature is whether effects “decay,” as people who receive financial education may lose the ability to use gained knowledge effectively over time. Fernandes and colleagues found evidence that interventions targeting consumers with a time-sensitive crisis or decision were more effective than financial education programming not tied to a particular situation. The more recent Kaiser et al. (2020) found no statistically significant evidence of a decaying effect, but also noted that there was limited rigorous research examining longer-term effects.

One financial education approach that has received recent interest in the literature draws on insights from behavioral science to develop simple and concrete financial “rules of thumb” to guide financial decision making. This approach differs from traditional classroom-based teaching models that use more general or abstract financial principles, such as double-entry accounting or capital management (Drexler, Fischer, and Schoar 2014). An example of a rule of thumb would be a statement such as “credit keeps charging”: the goal of this statement is to highlight the interest costs of carrying credit card balances. Testing the effects of rules-of-thumb versus principle-based financial education on measures of financial knowledge, Skimmyhorn et al. (2016) found only small differences between the two approaches. However, some research finds that rules-of-thumb interventions can positively influence financial behavior. Theodos et al. (2016), for example, found that providing rules of thumb targeting credit card use reduces cardholders' revolving debt balances.

Interventions Targeting Financial Literacy

Financial Counseling

Financial counseling interventions generally focus on helping participants achieve specific financial goals or respond to particular financial crises. Financial counseling is typically individualized, delivered as one-on-one interventions, limited in duration, and focused on solving a person's specific financial problem.

Financial counseling emerged in the 1960s as a way to improve creditors' profits by encouraging people to pay back debt, primarily credit, and mortgages (Collins 2007; Lander 2018). Since then, the basic model has expanded into other areas, such as mortgage counseling (especially following the 2008 housing crisis) and student loan debt counseling (Lander 2018).

The available evidence on financial counseling is promising, though there have been relatively few rigorous evaluations. The Financial Capability Outcomes Adult Pilot, which evaluated the effects of counseling offered to financially distressed individuals, found positive effects of financial counseling on debt outcomes (Wiedrich et al. 2014). A study of the nationwide credit counseling program Sharpen Your Financial Focus also found a positive link between counseling and debt reduction, noting that counseled adults had lower revolving debt and total debt compared with non-counseled control adults (Roll and Moulton 2016). Another study of a counseling program comparing outcomes at 18 months for those who followed through on counseling with the outcomes of those who signed up for but were no longer active in the program, found suggestive evidence of effects of counseling on an even wider range of outcomes. The study found financial behaviors, incidences of stressor events, and financial well-being improved for both groups, but those in the counseling group improved more and saw a substantial financial health improvement when compared with the non-counseling group (Kim, Garman, and Sarhaindo 2003). While these findings are promising, the results cannot be interpreted as causal because the effects might have been due to other factors related to whether or not individuals were still active program participants.

Commentary on financial counseling has stressed that the effectiveness of these programs may depend on how they are carried out or implemented. Many types of organizations offer counseling, including large nonprofits, community-based organizations, credit unions, and community development financial institutions (CDFIs). However, the rigor and centrality of counseling services to a given organization vary widely. Some commentators, including the National Consumer Law Center, have criticized uneven quality and implementation, noting common problems like limited counselor availability and time, lack of third-party evaluation and data collection, limited referrals to legal counsel, insufficient counselor training, and limited monitoring and quality control (Loonin and Plunkett 2003; Lander 2018).

In response, efforts have been made to point to promising practices intended to make financial counseling interventions more valuable and promote financial access and capability, such as proper training (Lander 2018), more counseling hours and more favorable views of the process (Collins 2007), and financial product integration (Wiedrich et al. 2014).

Financial Coaching

Financial coaching has developed more recently than financial education and counseling. Most similar to financial counseling, it also involves one-on-one relationships with clients, but is generally a more open-ended, client-led, goal-driven approach. Coaches work with clients to set measurable and realistic goals for financial well-being. Over time, coaches support clients in achieving these and new goals, often through short-term tasks, such as checking bank balances and managing credit scores (Center for Financial Security 2015). This longer-term, client-led approach contrasts with counseling and education, which teach

concepts, provide prescriptive information or advice, and typically involve a short-term relationship focused on responding to client financial problems (Collins 2014).

Although education, counseling, and coaching are separate in theory, in practice the interventions complement each other, often overlap, and are commonly co-offered at the same organizations.² Coaching tends to focus on more financially stable clients and be more open-ended than counseling (Mangan 2010, Collins, Olive, and O'Rourke 2013; Collins 2014). Financial coaches tend to combine education, counseling, and coaching approaches where appropriate. In general, coaches tend to be embedded in organizations that principally offer a range of financial or social services, including counseling and workforce development.³

Numerous stakeholders have argued for greater training and professionalization of financial coaches, arguing that (as with counseling) more systematic approaches and techniques would help expand the field and make the intervention more valuable to people with lower incomes. In its Financial Coaching Initiative (discussed in more detail below), the CFPB required coaches to receive both counseling and coaching credentials.

Rigorous evidence for the effects of coaching was limited until recently (Center for Financial Security 2015), but there are now a few studies showing positive effects. A randomized controlled trial evaluation of two financial coaching programs serving people with low and moderate incomes found several positive effects associated with even limited use of coaching services: savings and credit scores increased at one site, and debt decreased at the other. The study also found that people who met with a coach even once made financial gains relative to people who did not, indicating that even short-term coaching engagements can be associated with positive outcomes (Theodos et al. 2015; Theodos, Stacy, and Daniels 2018). Another randomized controlled trial study of a financial coaching program offered to young adults found that those receiving coaching had higher credit scores within the first six months of the program, and retained those relatively higher scores after the program had ended (Modestino, Sederberg, and Tuller 2019).

Challenges remain for understanding how exactly coaching works in part because it is a client-driven model. Clients come in with different goals and expectations, so consistent effects on certain outcomes (such as credit scores) is often not an appropriate metric. This means that study populations need to be large enough to allow measurement of how subgroups have met their goals.

Interventions Targeting Financial Access

Access to Financial Products and Services

Some financial capability interventions promote access to low-cost, high-quality financial products and services, such as low- or no-fee bank accounts. These interventions are motivated in part by findings stressing how many Americans lack access to mainstream financial services. Roughly 8.4 million American households (over 1 in 5) are estimated to be unbanked (meaning that no one in the household has a checking or savings account; FDIC 2018). Evidence suggests that financial capability programs that offer,

² See, for example: Hiba Haroon, Jennifer Medina, and Melissa Grober-Morrow, "Financial Coaching Program Design Guide," Prosperity Now, accessed May 21, 2020, https://prosperitynow.org/sites/default/files/resources/Financial_Coaching_Program_Design_Guide_0.pdf.

³ In a 2019 census of financial coaching programs, organizations offering integrated services alongside coaching were most likely to offer credit or debt counseling (66 percent), housing counseling (58 percent), or workforce development programming (55 percent). Although the survey report states that coaching is generally integrated, the exact share of respondents stating they were part of integrated programs is not reported. See Hallie Lienhardt, *Financial Coaching Census 2019: A Progressing Field of Practice*, Asset Funders Network, July 5, 2019, https://assetfunders.org/wp-content/uploads/AFN_2019_FinancialCoachCensus_WEB.pdf.

promote, and assist people in getting low-cost, mainstream products such as bank accounts can increase the products' use (CFE Fund 2017).

Consumers who lack access to mainstream financial services may choose to rely on alternative (nonbank) financial services, such as nonbank check cashers, payday lenders, auto title loans, or pawn shops. Research suggests that the accumulated costs of fees charged by alternative financial services can be a substantial burden for families with low incomes (Edin and Lein 1997). In 2018, roughly 1 in 5 Americans used alternative financial services such as check-cashing services and payday lending (FDIC 2018). Interventions that increase access to mainstream financial services can reduce consumers' vulnerability to discriminatory or predatory lending practices, extend valuable consumer protections, and decrease the cost of accessing financial services and credit.

Access to Incentivized Savings and Asset-Building Programs

Other financial capability interventions help people build savings for emergencies, retirement, and assets, such as a home or small business. These programs are often targeted to people with low incomes, who can face barriers to saving and building assets, and they often combine financial incentives or subsidies with financial education (McKernan et al. 2020). Programs that incentivize savings take several different forms, such as matching individuals' savings (adding, for example, \$1.00 into savings for each \$1.00 a person deposits), providing initial deposits into accounts that individuals can gain access to by saving more on their own, using tax credits (Duflo et al. 2007; Saez 2009), and offering entries into lotteries for prizes based on savings deposits (Kearney et al 2010; Atalay et al. 2013). Other interventions draw on insights from behavioral economics to encourage and support saving even without financial incentives, such as using simple reminders or prompts at tax time (Roll et al. 2018). In general, incentivized savings programs are often found effective in helping people with low incomes build savings. A recent evaluation of a program that provided matched savings to individuals who save a portion of their income tax refund, for example, found the program helped families with low incomes build savings (Azurdia et al. 2014; Azurdia and Freedman 2016).

Similarly, evaluations of asset-building programs that provide matched savings to support investments in education, homeownership, and business ownership, such as individual development accounts (IDAs), have generally found such programs can help people with low incomes build assets, particularly among those who have not made an asset purchase (McKernan et al. 2020). The Assets for Independence (AFI) program, for example, was last funded in fiscal year 2016 and is a federally supported IDA grant program that combines financial capability interventions—incorporating incentivized savings accounts with financial education, coaching, or counseling—to increase financial well-being of people with low incomes. Results from the AFI random assignment evaluation found increased savings in the short term, reduced material hardship in the short and medium terms, and decreased use of alternative (nonbank) check-cashing services in the short and medium terms among people with low incomes (Mills et al. 2016; Mills et al. 2019; Ratcliffe et al. 2019). In the medium term, AFI did not increase homeownership, business ownership, or postsecondary education and training among the full sample of study participants, however, exploratory subgroup analyses provide suggestive evidence that AFI participation increased homeownership among renters and business ownership among nonbusiness owners (Ratcliffe et al. 2019). These findings are consistent with the broader IDA literature (Mills, Gale et al. 2008; Schreiner and Sherraden 2007; Grinstein-Weiss et al. 2008; Grinstein-Weiss et al. 2012).

Access to Credit and Credit-Building Programs

Some financial capability programs support people in gaining access to credit and credit-building. Programs that provide access to credit include, for example, those offering low-cost, small-dollar loan products to

individuals who may not otherwise qualify for traditional forms of credit or who may be at risk of using high-cost, alternative forms of credit (such as payday loans). Credit-building programs support people with poor credit or little credit history by helping them open and remain current on lines of credit (Chenven 2014). The evidence on credit-building products' effectiveness is somewhat thin. Burke et al. (2019) evaluate a credit-building product in a sample of credit union members with low or no credit scores, using a randomized design. The study found no significant effects on users' credit scores up to 18 months after they used it.

Access to Public Benefits and Tax Filing

Interventions that increase access to public benefits and support participants in filing taxes promote financial capability and ultimately financial well-being by connecting people, typically those with low incomes, with resources available through programs such as Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), and the Earned Income Tax Credit (EITC). Because of application, certification, and other program requirements, many eligible individuals fail to receive benefits through social programs; for example, about one in four eligible, low-income workers fail to receive SNAP benefits (Cunyngham 2019). A large literature shows that even low-cost, behaviorally informed interventions providing individuals with information about benefit programs (e.g., Finkelstein and Notowidigdo 2019) or application assistance (e.g., Bettinger et al. 2012) can raise participation rates in such programs. A large, parallel literature shows both positive short- and long-term effects on financial outcomes and other measures of well-being for individuals and families who receive benefits through these programs (e.g., Hoynes, Schanzenbach and Almond 2016).

Interventions that support low-income households with tax filing can help qualifying families access means-tested benefits administered through the tax code. The EITC is the largest source of public income support for working families with low incomes in the United States, but estimates suggest that not all eligible families receive the credit (Plueger 2009). As with benefits access more generally, evidence exists that behaviorally informed interventions, such as mailed notices to potentially eligible tax filers, can be effective in promoting access to the credit (e.g., Guyton et al. 2016). Research shows positive effects of the EITC on the financial well-being of families (e.g., Hoynes and Patel 2018).

Low-cost or free tax-filing assistance for filers with low incomes, such as provided by Volunteer Income Tax Assistance (VITA) programs, also support financial capability by helping families avoid costly tax preparation services. High costs associated with paid preparers can reduce the EITC's net value to households by hundreds of dollars on average (Maag 2005). Despite free alternatives, such as VITA programs, the majority of tax filers claiming the EITC use paid preparers. In research on the EITC more specifically, Halpern-Meekin and colleagues (2015) provide some limited, qualitative evidence for why relatively few low-income filers use VITA services, indicating that filers may have concerns about the knowledge of volunteer preparers, or find factors such as waiting times and operating hours at VITA sites relatively costly or inconvenient.

Financial Capability Interventions Integrated with Employment Services

Employment is a key aspect of most people's financial well-being. However, while employment provides financial resources, earners also need financial capability to manage those resources. For example, employment provides a paycheck, and with it the means to achieve financial goals, but a worker might require access to a bank account for receiving direct deposit of paychecks. This makes employment—including finding, getting, and maintaining employment and advancing in the labor market—a natural

context for opportunities to build financial capability, especially for people with low incomes. Further, employment and training (E&T) programs are key pathways for delivering financial capability interventions and building financial capability.

Both practice and research have shown relationships between financial capability and employment. Practitioners have recognized that financial capability and employment and earnings potentially complement each other in bringing about economic stability and financial well-being for households with low incomes (Duran, Brooks, and Medina 2013; Financial Clinic 2017). The literature hypothesizes ways that employment may create both the opportunity and need for building financial capability.

Below, we review emerging research and practices related to combining financial capability interventions with E&T services. We begin by discussing some hypotheses and evidence that link employment contexts and financial capability, including the connections hypothesized by practitioners and supporting evidence from the research, much of which remains emerging and indirect. We then briefly discuss E&T programs serving low-income adults to describe the current contexts in which these programs can and might deliver financial capability interventions to this population. Finally, we describe examples of existing integrated programming and review the available evidence on these programs, including descriptive information, findings on how programs have been implemented, and the limited literature on the effects of these programs on employment and financial outcomes.

Links Between Financial Capability and Employment

Employment provides people with opportunities to make new financial decisions, which require financial capability and make interventions to build financial capability highly relevant within employment contexts. For example, earned income might make it possible to save for emergencies or build or improve credit. Employment can also bring access to other workplace benefits with important financial aspects. The opportunity to participate in and save through an employer-sponsored retirement savings plan, for example, provides access to various financial products and services and opportunities to save and invest. At the same time, these contexts can also create related needs for financial skills and knowledge. When people begin earning income, they may need to learn new financial information or skills to manage their daily finances. For instance, they may need to set up direct deposit for their paychecks, which requires access to a bank account. Also, retirement savings plans require skills and knowledge to plan or save for retirement.

Changes in the nature of employment highlight new needs for financial capability, especially for workers paid low wages. For example, many workers are subject to unreliable and unpredictable scheduling practices where their employers set schedules or terminate shifts with little notice (Lambert, Fugiel, and Henley 2014). These shifting schedules can lead to unpredictable changes in earnings and make it difficult for workers to prepare budgets or save. Employment under such conditions might require more financial knowledge or skills or create greater need for financial products and services to help people manage their finances.

Opportunities for and Needs of Workers with Low Incomes

For people with low incomes, employment can create additional opportunities and needs for building financial capability. Emerging research from psychology and behavioral economics connects financial stress to individual decision making, suggesting that under conditions of financial distress, people might lack the mental capacity to address the bigger picture of their financial well-being and may focus on more immediate needs (Mani et al. 2013; Mullainathan and Shafir 2013). These findings suggest that increases in employment and earnings can create opportunities for workers with low incomes to build financial

capability: if employment provides people with a greater sense of financial security, then they might be more free to think about and act to improve their longer-term financial capability.

Additionally, the way employment and earnings interact with public programs and benefits can lead to challenges. For example, earnings from work can affect eligibility and benefit calculations for programs such as TANF and SNAP in complex ways that can be difficult to understand and manage (Romich 2006; Ruder et al. 2020). Employment and earned income will also lead many people with low incomes to qualify for the EITC, but taking advantage of the credit involves its own challenges and opportunities related to financial capability. First, individuals have to file tax returns before they can claim the credit, and the process of filing one's tax return can be a barrier to receiving this benefit (Bhargava and Manoli 2015). Second, the lump-sum nature of the credit potentially creates financial planning challenges, though this may also create opportunities for building financial capability, such as using the credit to save (Tufano, Schneider, and Beverly 2005; Azurdia and Freedman 2016).

Populations who experience additional financial challenges or barriers to employment may find they need to improve their financial capability in even more complex ways. Low-income individuals with child support obligations, for example, may find that accepting employment and establishing earnings requires managing or modifying income withholding. Understanding how child support obligations interact with earnings, how child support order modifications work, and how to balance current orders, arrears, and other financial commitments can be important elements of financial capability for this group.⁴ Another population that may face barriers to both financial capability and employment is justice-involved individuals reentering the workforce, who may need to rebuild substantial portions of their financial lives—such as opening new bank accounts or reestablishing credit—as part of getting and keeping employment.

Employment Outcomes and Financial Capability

Financial capability and employment are connected not only by the ways in which employment creates needs and opportunities for building financial capability, but also through ways in which financial capability can mediate employment outcomes. For example, employers increasingly screen job seekers using credit histories, despite evidence that credit scores have only weak connections to job performance (Bryan and Palmer 2012) and productivity (Weaver 2015). Research has found that banning credit history use in hiring, as some state and local governments have done, helps workers with financial difficulties find jobs (Friedberg, Hynes, and Pattison 2019) and is associated with employment gains in neighborhoods with low average credit scores (Shoag, Ballance, and Clifford 2020). These findings show that where such screening is allowed, poor credit histories can be barriers to employment. They also suggest that financial capability interventions to raise credit scores and increase access to credit could help improve employment outcomes for job seekers.

The financial capability of workers with low incomes also potentially affects employment and earnings outcomes on the job. Workers with greater financial capability, for example, might be more likely to stay in their positions and be absent less often. Kaur and colleagues (2019) found, in the context of a developing country, that worker productivity is lower when workers are under greater financial stress, a finding they interpret as showing the psychological effects of financial insecurity. Similarly, workers with greater capability to manage daily finances may be more resilient to financial shocks that can create barriers to job retention, such as unexpected transportation, health care, and child care expenses. Finally, the financial

⁴ Recognizing this, some programs have targeted the financial capability of low-income individuals with child support obligations specifically. The Building Assets for Fathers and Families demonstration, for example, supported partnerships between local child support programs and local Assets for Independence (AFI) organizations to help low-income parents who owed support increase financial knowledge and build assets. See, Building Assets for Fathers and Families Demonstration, accessed October 20, 2020, https://www.acf.hhs.gov/sites/default/files/programs/css/baff_grant_financial_capability_fact_sheet_1.pdf.

capability of workers can also affect their earnings over the longer term, to the extent that investing in education and skill building to raise wages requires financial knowledge, skills, and resources.

Employment and Training Program Context

Given the evidence and hypotheses linking financial capability and employment, E&T programs are promising settings for delivering financial capability interventions. In this section, we briefly review the landscape of federally funded E&T programs in the United States, with a focus on programs serving low-income adults, and then discuss examples and evidence on programs that combine services.

E&T programs include a wide range of programs and services that aim to help people build skills and get jobs to improve employment and earnings outcomes and, ultimately, financial security and economic stability. Although effects across programs vary in some important ways, research has generally found that E&T programs help improve employment and earnings outcomes for adults with low incomes. Two important categories of E&T programs that serve large numbers of low-income adults include the E&T components of public safety net programs, and the elements of the public workforce system that target adults with low incomes. Research has demonstrated that some program models are effective in improving employment and earnings outcomes for low-income adults (Card, Kluve, and Weber 2018; Fishman, Bloom, and Elkin 2020). However, many of the programs that have demonstrated impacts either have not demonstrated success for individuals with complex barriers to employment or have only achieved shorter-term or limited improvements in employment and earnings outcomes for them (Fishman, Bloom, and Elkin 2020.) Programs, policymakers, and researchers continue to explore the potential for new strategies, including some that incorporate financial capability components.

Employment and Training Components of Safety Net Programs

One set of E&T programs for low-income adults includes those provided in safety net and human services programs. These programs are, by definition, targeted to populations with lower incomes. Examples are TANF employment services, the SNAP Education and Training program, and programs such as Jobs Plus, which provides employment supports for housing assistance recipients. Services offered by these programs include elements such as job search assistance and formal training, which can include curricula covering basic skills, industry- or job-specific skills, and “soft” skills such as communication. As currently designed and carried out, these safety net programs can typically accommodate financial capability components but do not require them. We discuss the implementation details and available evidence on examples of integrated programs below.

Public Workforce Programs

A key part of the E&T program landscape overall is the public workforce system, which provides a set of programs and services that include job search assistance and job training, delivered locally through American Job Centers. Key elements include those funded by the Workforce Innovation and Opportunity Act (WIOA), which provides E&T support to adults and young people at varying levels of intensity, up to and including job training. A recent evaluation of Workforce Investment Act (WIA, WIOA’s predecessor) services for adults found inconclusive employment and earnings effects for training services (many workers in the comparison group also received training, making the effects of WIA training services difficult to identify). The evaluation found positive results for intensive services, which include individualized job search assistance, assessments, case management, and individual service plans (Fortson et al. 2017). These findings are broadly consistent with research findings that job search assistance and reemployment

programs can be effective at promoting employment for adults (Poe-Yamagata et al. 2011; Manoli, Michaelides, and Patel 2018).

Public workforce programs funded under WIOA differ from the E&T components of safety net programs in that they are not targeted exclusively to adults with low incomes, though this service population is a priority. Earlier, nonexperimental evidence on WIA training services targeted toward economically disadvantaged adults tended to find that those programs had positive and significant effects on earnings (Heinrich et al. 2013; Andersson et al. 2013). Similar to the E&T components of safety net programs, supporting financial literacy is an allowable but not a required activity for adults under WIOA (note that financial literacy education is a required WIOA activity for young people; Morris and Goodman 2015).

Other Employment and Training Programs

Although the public workforce system and the E&T components of safety net programs represent two key pieces of the E&T landscape for adults with low incomes, other programs also serve this population and present additional potential contexts for integrating financial capability interventions. These include services targeting fathers with low incomes and people returning to communities from the criminal justice system. Other related programs include education programs that low-income adults might access for training or skill-building to improve their employment and earnings outcomes—for example, support for community colleges through the Department of Education’s Office of Career, Technical, and Adult Education. Eligible low-income adults can also access Pell grants for training or education in undergraduate programs.

Examples and Evidence from Integrated Programs

A number of documented examples of E&T programs include financial capability interventions, but there is limited rigorous evidence on the effects of these programs. Below, we review some practices and emerging research, organized around categories of programs and associated bodies of research. To give an in-depth look at the limited evidence on integrated programming, in what follows we provide a more detailed review of the emerging research on integrated programs than in our above review of the more mature literature on financial capability interventions. We begin with a discussion of the Center for Working Families (CWF)/Working Families Success Network (WFSN) model, which has influenced both practice and research to bridge these two fields. We then cover findings from early research on integrated approaches for TANF participants, in workforce contexts, and in other programs.

Working Families Success Network

Several program models already integrate financial capability and workforce services. Perhaps the most influential in the field is the Center for Working Families (CWF) model, introduced in 2004 and developed and promoted by the Annie E. Casey Foundation (Gewirtz and Waldron 2013). The approach combines workforce services, financial literacy education and coaching, and benefits access support.⁵ The CWF approach was recast as the Working Families Success Network (WFSN) in 2013, while community colleges established a separate Working Students Success Network (WSSN).

Rigorous evidence on the overall impacts of these types of programs comes from research on Local Initiatives Support Corporation’s (LISC) Financial Opportunity Centers (FOCs). LISC had been involved in initial discussions with Annie E. Casey on the CWF design, and FOCs were modeled on the CWF approach (Gewirtz and Waldron 2013). More than 100 LISC FOCs operate across the United States, providing

⁵ “Center for Working Families,” Annie E. Casey Foundation, accessed May 21, 2020, <https://www.aecf.org/work/past-work/center-for-working-families/>.

financial support and technical assistance to community organizations to expand FOC services and programming.⁶ FOCs emphasize an approach with three integrated components: employment services, financial coaching, and access to benefits. A recent evaluation of FOCs compared earnings, employment, credit, and job placement outcomes for FOC participants with outcomes for similar job seekers who solicited services from other, publicly funded workforce centers, using quasi-experimental methods (propensity score matching; Roder 2016). Compared with similar participants in other workforce programs, FOC participants were more likely to be employed year-round (37 percent compared with 31 percent), have reduced debts of certain types, and be building more positive credit histories (36 percent built a better credit score compared with 27 percent). Additionally, FOC participants showed more on-time payments of loans, credit cards, and other lines of credit and were less likely to have medical or legal debt, child support arrears, or back taxes. The evaluation found only modest impacts for participants' net worth and net income.

Descriptive evidence from other programs that use the CWF model have found that outcomes for participants often improve over time but does not establish that the programs led to those improvements. The United Way of the Bay Area's SparkPoint Centers, first launched in 2009, also uses the CWF model as a base (and has been part of the WFSN). They provide integrated services using a coach-client model and focus on three main areas: improving credit, increasing income, and building assets.⁷ The centers are located in various settings, including community colleges and schools. Research following financial stability outcomes for clients of these centers shows these outcomes improve over time, especially for longer-term clients, but does not include a comparison group, so cannot be interpreted as program impacts (Hwang and Sankaran 2014; Allen and Li 2015).

In addition to evidence on the overall financial well-being outcomes from these programs, this body of research also provides some evidence suggesting that bundling multiple services may be related to more positive benefits for participants. LISC's evaluation found that integrated services resulted in stronger employment and financial outcomes for participants (Roder 2016). Thirty-seven percent of FOC participants received integrated employment and financial capability services. Among these participants, the FOC program produced more consistently positive earnings and employment impacts. More recently, a descriptive analysis of outcomes for LISC participants also produced consistent findings, showing more positive employment and earnings outcomes for participants who receive integrated services (Winston and Greenberg 2020).

Several implementation studies of the CWF model also provide evidence that broadly suggests the value of bundling multiple services.⁸ Abt (2010) presented descriptive statistics of participant characteristics and client progress, and found positive associations between participation and financial success, even though program models, organization types, and client needs varied (Annie E. Casey Foundation 2020). Similarly, an analysis of SparkPoint centers found that receiving both employment counseling and financial coaching was associated with greater progress towards self-sufficiency (Hwang and Sankaran 2014; Allen and Li 2015).

Finally, implementation research on programs that use the CWF model has generated some descriptive information on what these programs do and include. Research conducted by Mathematica (Maxwell et al 2018) studying WFSN and WSSN organizations offering integrated service delivery found that organizations doing this work typically used a participant-driven model where offerings are customized based on participant needs (versus a more standardized program-level model). Almost all used a

⁶ "Financial Opportunity Centers," LISC, accessed May 21, 2020, <https://www.lisc.org/our-initiatives/financial-stability/financial-opportunity-centers/>.

⁷ "What Is a Sparkpoint Center?," United Way of the Bay Area, accessed May 21, 2020, <http://acphd.org/media/148200/sparkpoint-center.pdf>.

⁸ See Annie E. Casey Foundation (2020) for an overview of studies.

partnership model to build capacity to offer a diverse range of specialized services, although the core WFSN components (employment services, income and work supports, and financial coaching) were generally at least partially offered in-house. Partners were relatively more focused on specialized income and benefits counseling for housing, substance use disorder, food security, or health care.

Programs Serving TANF Participants

Another notable, if small, body of research looks at integrated programming targeting current or former TANF recipients. One rigorous piece of causal evidence comes from a recent randomized evaluation of the New York City Parks Opportunity Program (POP) (Collins and Nafziger 2019). POP is a six-month transitional employment program for adults exiting the TANF program in which participants were engaged in full-time employment and were offered one-on-one financial counseling sessions tailored to participants' needs—addressing issues of credit, debt, and planning—as well as the opportunity to apply for a bank account with low fees and a low minimum balance. Sixteen sites total were randomly assigned to offer these services, with a total sample of 865 participants. The control group was made up of participants from other program sites who were not offered additional financial counseling sessions or the opportunity to apply for a bank account.

Participants showed modest improvements in some financial outcomes (Collins and Nafziger 2019): POP participants who took up financial counseling experienced an over \$1,400 decline in debt in collections (delinquent debt owed to debt collectors), although there were no effects on participants' overall balances, past-due accounts, or credit scores. These results are consistent with the finding that most POP participants who received financial coaching services took actions related to debt and collections, such as having debts written off or corrected on their credit record. At six months, POP participants in counseling avoided about \$17 in bank fees, relative to an average fee of about \$30 among control group members who held an account.⁹

Overall, the improvements in financial outcomes for POP participants were relatively modest, even among those who received financial counseling (Collins and Nafziger 2019). This could be a result of the financial challenges faced by POP participants, who were long-term unemployed people with low incomes, some of whom were experiencing homelessness. Moreover, only about one-third of POP participants chose to use the financial coaching services, even though they would be paid to participate. One possible explanation may be that the logistical, transportation, and time costs of counseling are higher than the expected benefits for participants.

In one other, less rigorous, published study, Zhan, Anderson, Scott (2006) report findings from a study of the Financial Links for Low-Income People (FLLIP) program, which provided basic financial management training to people with low incomes in Illinois, particularly TANF recipients. They found, in a pre-post analysis, evidence of an improvement in knowledge among participants on basic financial concepts (Zhan, Anderson, and Scott 2006).

Other examples of programs that serve TANF populations and have included or allowed financial capability elements often treat any financial capability interventions as optional services for program participants, and research on those programs typically does not focus on financial capability. For example, roughly 40 percent of the first round of Health Profession Opportunity Grants (HPOG) programs—HHS grant-funded education and training programs targeting TANF recipients and other low-income individuals and training them in health care occupations—reported offering financial literacy training (Werner et al. 2018). Where

⁹ However, at 12 months, POP participants who still had an account open and who took up counseling showed higher estimates of bank fees. The authors interpret this as evidence that some individuals found it difficult to manage the account to avoid fees after leaving the program.

offered, these workshops are typically part of mandatory pre-training activities for participants (Peck et al. 2018). However, this part of the larger program receives little attention, even in implementation studies of HPOG.¹⁰ Another set of examples include employment coaching programs for TANF populations that sometimes include financial capability elements. For example, LIFT, which operates employment coaching services in California, Illinois, New York, and Washington, DC, provides financial coaching as part of its suite of services (Joyce and McConnell 2019a); MyGoals, which operates in Maryland and Texas, provides financial management training (Joyce and McConnell 2019b).

Workforce Programs

Other examples of integrated program services come from programs that operate in workforce agencies. Here, as with those in TANF-serving and community-based models, documented examples are somewhat limited and empirical research is thin. One example is the Consumer Financial Protection Bureau's Financial Coaching Initiative, which prioritized locating coaching services at workforce centers, in particular American Job Centers (AJCs) serving veterans. The program served veterans and service members, as well as economically vulnerable populations. The program, which ended in 2019, will be the basis for forthcoming reports on lessons learned and client outcomes.¹¹ In this program, financial coaches were embedded in existing community organizations or AJCs; coaches were employees of the Armed Forces Services Corporation (AFSC), which operated the initiative. This approach built a group of trained coaches and allowed for systemic training and credentialing, but coaches were less directly integrated in the organizations they worked with.

Another example comes from a pilot program conducted in Boston, funded by the Citi Foundation, that represented a partnership between a workforce development provider and a nonprofit organization focused on financial capability (Leung and Miley 2013). The program trained career coaching providers to also offer financial capability coaching. It served adults with low and moderate incomes and those unemployed. The pilot focused more on implementation than outcomes, although basic client outcomes were collected and, according to the implementation report, showed some promise.

Integration in Other Contexts

Finally, there are some other examples and limited research from efforts integrating financial capability interventions in other programs or in other contexts for people with low incomes that can potentially inform integration in E&T contexts.¹² Other safety net and human services programs in particular share some of the same overlap in general objectives—improving financial well-being for adults with low incomes—and are, by definition, well suited as platforms for reaching adults with low incomes.

Housing programs are one context where there has been some consideration and experimentation with integrating financial capability programming. Collins (2013), for example, looks at financial education in the Family Self-Sufficiency (FSS) program, funded by the Department of Housing and Urban Development (HUD), as part of the housing choice voucher program. He found evidence of some effects on credit scores

¹⁰ These general conclusions also hold for the second round of HPOG. While most grantees offer college-readiness training, which includes financial-management skills, and all offer case management activities, which include the provision of financial counseling, information on these services is limited; see Health Profession Opportunity Grants (HPOG) 2.0: Year Four Annual Report (2018-2019), accessed November 5, 2020, https://www.acf.hhs.gov/sites/default/files/opre/hpog_20_year_4_annual_report_final_42420_508_compliant.pdf.

¹¹ "Financial Coaching Initiative," CFPB, accessed May 31, 2020, <https://www.consumerfinance.gov/practitioner-resources/financial-coaching/financial-coaching-initiative/>.

¹² ACF, for example, has developed practical resources for integrating financial capability programming with this broader perspective in mind; see, for example, *AFI Resource Guide: Building Financial Capability*, Office of Community Services, March 26, 2015, <https://www.acf.hhs.gov/ocs/resource/afi-resource-guide-building-financial-capability>.

and financial planning in a random assignment design. Santiago, Galster, and Smith (2017) look at a different version of the FSS program with an asset-building component that supported home buying. Using a matching estimator, they found some evidence of positive program effects on financial outcomes including homeownership.

In addition to these examples, the Child Support Noncustodial Parent Employment Demonstration (CSPED) provided a national demonstration of child support-led employment programs for parents in the child support program who were behind in their child support payments that in some instances included financial capability services.¹³ Core services consisted of employment services, parenting classes, enhanced child support services, and case management; in addition, two sites included financial education as a stand-alone component of their core services and several other sites incorporated financial education into their parenting classes.¹⁴ A random assignment evaluation of the overall program found that earnings were significantly higher for the treatment group, and that the treatment group was significantly more likely to have a bank account one year after enrollment.¹⁵

Parenthood and marriage programs offer another program context where some documentation exists of limited integration of financial capability programs. As with programs that focus on employment for TANF recipients, these program components are typically treated as secondary, and not a main focus of research. For example, the Parents and Children Together (PACT) evaluation of fatherhood programs notes that some provider organizations offered financial management skills, guest speakers on financial literacy, or financial literacy via an early childhood education nonprofit partner (Zaveri et al. 2015). Some marriage education programs have also included financial capability elements such as financial literacy and asset-building programmatic pieces (Corwin, Bir, Joshi, and Lerman 2008), but these have not been evaluated. Some healthy relationship programs also combine both financial capability and employment services. These include the Career STREAMS program, which includes both a job and career advancement program and a financial planning curriculum (Friend, Zaveri, and Feeney 2020); and the Empowering Families program, which includes both an employment services and a financial coaching component (D'Angelo, Valdovinos, and Bodenlos 2020).

¹³ The National Child Support Noncustodial Parent Employment Demonstration (CSPED), OCSE, accessed October 19, 2020, https://www.acf.hhs.gov/sites/default/files/programs/css/csped_fact_sheet_1_march_2015.pdf.

¹⁴ Final Implementation Findings from the Child Support Noncustodial Parent Employment Demonstration (CSPED) Evaluation, OCSE, accessed October 19, 2020, https://www.acf.hhs.gov/sites/default/files/programs/css/csped_implementation_report.pdf.

¹⁵ Final Impact Findings from the Child Support Noncustodial Parent Employment Demonstration (CSPED) Evaluation, OCSE, accessed October 20, 2020 https://www.acf.hhs.gov/sites/default/files/programs/css/csped_impact_report.pdf.

Box 1: Employer-Based Interventions

Although not the focus of this literature synthesis, employers have led some efforts to improve the financial capability of workers. These efforts often take the form of employee financial wellness programs—employee benefits designed to promote the financial wellness of workers. It is most common for employers to offer resources related to retirement plans and benefits; however, it is becoming increasingly common for employers to offer other financial services as well. In one recent survey, 42 percent of employers reported offering financial literacy training in investing, and one in four reported offering budget training (SHRM 2014). About 10 percent of employers offered financial education to help employees manage debt, credit cards, and nonretirement investments such as homes or education (Hannon et al 2017).

Employer-based financial capability interventions have not been studied very much. For employers, some research suggests a business case for such interventions, noting some evidence of connections between employee financial wellness and higher productivity (Hannon et al. 2017), although these links are not well established. Emerging evidence, discussed above, on the psychological links between financial security and worker productivity support this case in some ways (Kaur et al. 2019). For workers, some scattered evidence exists on such programs' effectiveness. Bayer, Bernheim, and Scholz (2009) found that workplace financial education programs appear effective in increasing participation and savings in retirement savings plans. Elliott, Heffernan, and Okoli (2019) report outcomes for participants in a workplace credit-building program, who show improvements over time on credit outcomes (but the results cannot be interpreted as causal).

Finally, employer-based interventions are not typically targeted toward or designed to serve the needs of workers with low incomes. Although outcomes from these interventions suggest opportunities in connecting financial capability interventions to employment-related contexts, generally they are not directly applicable to understanding how such programs might improve outcomes for workers with low incomes.

Conclusions: Themes and Gaps in the Literature

Policymakers and practitioners have expressed a growing interest in recent years in integrating financial capability interventions in E&T programs for adults with low incomes, and numerous new models and programs have emerged as a result. The development of these programs has been based, in part, on research on financial capability, low-wage work, and employment services that suggests potential benefits from integrated programming. However, there is limited direct evidence on how these programs are carried out and very little empirical research that shows and estimates the effects of integrated programming on financial or employment outcomes for program participants. This presents a potentially important opportunity for policy- and program-relevant evidence building. Below we discuss themes emerging from the literature and promising directions for future research.

Themes from the Literature

- A growing body of evidence finds that financial capability programs and services may have some positive effects on the financial well-being of participants, but program models vary widely, and impacts differ across both outcomes and populations of interest. Increasing evidence exists that financial education has positive effects on financial knowledge and well-being, and financial coaching has shown promising results. Evidence suggests positive effects from asset-building and incentivized savings programs, as well as providing access to benefits. Across several program models, research suggests that insights from behavioral economics can inform program design and service delivery.
- Evidence and theory from both the financial capability literature and research on low-wage work and employment services suggest numerous ways in which financial capability interventions and E&T programs might complement one another in bringing about improvements in financial and economic outcomes for adults with low incomes. Finding and accepting employment and earning income may create both needs and opportunities for building financial capability among adults with low incomes, and building financial capability might support employment outcomes.
- Over at least the past 15 years, going back to the introduction of Casey's CWF model in 2004, recognition has grown among practitioners and policymakers of the potential value of offering integrated services—focused on creating connections between financial capability and workforce programming—which has led to the emergence of numerous integrated programs and models. The CWF model has been especially influential, but it is also very broadly defined and flexible, complicating efforts to systematically measure program effects. Other examples of integrated programs can be found in the workforce system, programs serving TANF participants, and in other program contexts.

Directions for Future Research

- A thin body of direct, rigorous, causal evidence examines the impacts of integrating financial capability interventions in E&T programs on the financial and employment outcomes of participants. Additional evidence building is needed to support evidence-based policy and program decisions regarding program integration.
- In particular, carefully designed research that can separately identify and precisely calculate any interaction effects from integrating financial capability interventions in E&T services—showing whether delivered together they achieve effects greater than the sum of their parts—is generally lacking and would be valuable for building knowledge and informing policy and practice. This would provide much needed evidence on how financial capability and employment services interact, if at all, in improving outcomes for participants.
- Important open questions remain about how variation in program models and service populations shape outcomes. Additional research is needed to better understand what works for whom, in which contexts. Specifically, research could look at the needs for different populations with low incomes (skill development, workforce reentry, etc.) in different employment contexts (matching to jobs, staying employed, etc.) and what forms of interventions (financial coaching, credit building, etc.) are most effective. Research is also needed to understand how different forms of integration—referrals versus partnerships, for example—and different aspects of implementation affect program outcomes.
- Additional research to more carefully explore the decision to participate and what it means for program outcomes may be valuable. This would build evidence on why workers with low incomes decide to participate in financial capability services. Research on participant motivation could

inform program design and implementation decisions relating to whether and which program pieces work better as mandatory or optional services.

- Finally, little current research measures or considers program costs or compares the effectiveness of different programs. Cost-benefit, cost-effectiveness, or comparative effectiveness research would allow for comparison with a wider set of alternative services for these populations and would support policy decision making to most efficiently and effectively support the economic stability and advancement of adults with low incomes.

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