

ASSET BUILDING IN THE DISTRICT:

Challenges to and Recommendations for Achieving Financial Security

Citi Foundation







Acknowledgements

The Capital Area Asset Builders (CAAB) and the Coalition for Nonprofit Housing and Economic Development (CNHED) are proud to spearhead the DC Asset Building Policy Project (DC ABPP), and are grateful for the support from the Citi Foundation. DC ABPP aims to increase the assets, savings and net worth of low- to moderate-income households in the District of Columbia through outreach, advocacy, policies and greater public investment.

The DC ABPP is the brainchild of CAAB in response to the existing economic divide and increasing barriers to obtain assets, savings and net worth. CNHED and others are thankful for CAAB's longstanding work and its vision to foresee a need for a broader base of awareness and education. Moreover, CAAB also sensed the need to coalesce local community stakeholders to work together to reshape policy barriers that impede the financial security of low- and moderate-income residents. The District community is truly at an inflection point in efforts to ensure a place for low- and moderate-income residents. Through DC ABPP, CAAB and CNHED hope to galvanize support for and move toward eradicating the barriers that preclude many residents from experiencing and sharing in the District's economic growth.

Following the launch of DC ABPP, it has been heartening to see that many of CNHED's members and the broader field are aware and deeply concerned about the impact of financial insecurity. The initiative has also brought new stakeholders to the table. Clearly there is a solid constituency for this work that we've embarked upon this past year, and they are interested in advancing with us to make improvements. The perspectives and ideas represented by this constituency are reflected in this report focused on highlighting the unique issues and challenges in the work to increase the assets, savings and net-worth of low- to moderate-income households. This report also lays out a set of key recommendations that local nonprofit organizations and District agencies can begin to tackle together.

Many thanks to the organizations and individuals who contributed their time and insights not only for this report, but to the larger undertaking of building financial security. We are immensely appreciative for the work of Michael Collins, Jr., the researcher and project manager, who interviewed all of the sources for this report. We thank him for his months of outreach, research and production on this report.

We hope that this report will be a catalyst to further our efforts to educate and bring together new allies, and to forge champions for asset building awareness, investments, policy enhancements and strategies to create a more inclusive District of Columbia.

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EXECUTIVE SUMMARY

Through the DC Asset Building Policy Project (DC ABPP), CAAB and CNHED have been working to elevate the issue of financial insecurity and mobilize local nonprofit and public stakeholders to develop and execute strategies to increase the assets, savings and net worth of low- and moderate-income District households. The first report, *An Introduction to Asset Building in the District of Columbia*, set the stage for the Project, defining asset building, providing a snapshot of efforts underway in DC, and giving examples of best practices in other communities.

In this latest report, Asset Building in the District: Challenges to and Recommendations for Achieving Financial Security, the team undertook a local scan to uncover and explore:

- Barriers and challenges to financial security that District residents face;
- Opportunities to increase the effectiveness and efficiency of existing programs and services;
- Policies and programs that limit District residents' ability to achieve financial security; and
- Opportunities to support the financial security of low- and moderate-income residents through outreach, advocacy, policies and greater public investment.

The report also was informed and shaped by more than 25 direct interviews, the symposium held in July 2017 with 140 participants, a planning summit held in November 2017, attended by more than 70 practitioners, and ongoing conversations with members of the Steering Committee.

Grounding knowledge of the District landscape

District residents have access to a broad and diverse network of nonprofit and government stakeholders, and a suite of programs that function to improve the lives and financial well-being of low- and moderate-income residents. The programs and services offered, by nonprofit and public organizations and agencies, provide residents with a vast array of offerings, including but not limited to lending and workforce readiness opportunities, financial literacy and small business support.

- District agencies offer some of the most progressive programs and supports in the nation for low- and moderate- income families.
- Nonprofit organizations also offer programs that support residents in need and proactively focus on their long-term financial capability and security.
- → The Washington Metropolitan Area boasts one of the highest area median incomes (\$110,300) in the nation and a population where 32% of residents over the age of 25 have advanced degrees.^{2,3}
- The District currently lacks a broad-based, multi-stakeholder driven initiative dedicated to comprehensively addressing financial insecurity.

¹ The DC ABPP is made possible by the support CAAB received from the Citi Foundation Community Progress Makers Fund: a two-year initiative to support high-impact organizations driving economic opportunity in their communities.

² DC Department of Housing and Community Development (DHCD), "Income Schedule as of October 2017."

³ U.S. Census Bureau, "American Community Survey 5-Year Estimates: 2012-2016," Education Attainment Table S1501, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_5YR_S1501&prodType=table (Accessed November 27, 2017).

Challenges and Barriers to Financial Security in the District



African-American, Latinx individuals and women age 35-45 are the primary users of asset building services and programs in DC.

> **Income** levels and the escalating **cost of living** are ongoing impediments to residents' financial security.





Single-parent households with children also increasingly utilize local programs and services.

> Financial insecurity among low- and moderate-income residents is largely concentrated in Wards 7 and 8, with smaller pockets in Wards 1, 4, and 5.



A Snapshot of the Asset Building Landscape and the Challenges that Residents Face using Prosperity Now's Household Financial Security Framework. (see full report, Appendix A)

NAVIGATE

- Many stakeholders embed financial education, counseling and support into their service delivery model to support continued financial capability.
- But limited funding is available to provide financial education and counseling services.
- Accessing financial institutions and banking services is difficult for many low- and moderate-income residents.

LEARN

- Many low-income District residents lack the education and skills needed to secure and maintain a stable. livable income.
- Social barriers play a major role in the ability to acquire education.
- There are limited alternative pathways to higher education and training available.
- Advanced education and post-secondary training does not ensure financial security.

EARN

- Transportation and childcare are two primary impediments to securing and maintaining employment.
- The prevalence of criminal backgrounds limit residents' ability to earn a livable wage.
- Mental illness and health challenges limit the ability to secure employment.
- Paradoxically, securing and maintaining employment can inhibit financial security, as supplemental programs are cut off.

SAVE

- Even among residents who can meet their basic needs, limited savings lead to widespread financial insecurity.
- Long-standing behaviors and perceptions of the traditional banking system present a challenge to utilizing traditional banking services and products.
- Housing costs account for a considerable share of residents' income and directly impact their ability to save.

OWN

- Homeownership is largely out of reach for low- and moderate-income residents of the District, as the cost of housing escalates.
- A lack of credit and negative credit histories have an immense impact on the financial security of residents.
- Entrepreneurship and small business ownership are pathways to financial security that are largely inaccessible or unknown to low- and moderate-income residents.

PROTECT

- For those able to achieve homeownership, the post-purchase process presents a challenge for many low- and moderateincome residents' financial security.
- Foreclosure remains a threat to homeowners and their long-term financial security.
- The financial security of individuals is increasingly threatened as they age beyond 55 years of age.

Opportunities for Increasing Financial Security

The local scan and planning summit gathered insights from nonprofits and District agencies about how they can better connect residents to existing opportunities that lead to long-term financial capability, well-being, and security of residents. Local stakeholders also overwhelmingly support expanding and creating new opportunities for:

- Embedding financial services and support programs into the full spectrum of existing nonprofit and District services and programs;
- Developing a more defined District-wide strategy for how local stakeholders address and approach financial insecurity; and
- ★ Addressing financial insecurity earlier in the lives of low- and moderate-income residents.

These opportunities not only highlight how groups can better address financial insecurity, but also how they perceive their roles in addressing this issue. Local stakeholders expressed the need for:

- Increased and intentional focus on embedding financial literacy, education and support into the service delivery ecosystem as an opportunity to curb financial insecurity.
- Offering continuous and holistic support to ensure long-term financial security of residents, particularly across district agencies.
- More intentional collaboration among nonprofit and public providers and district agencies supporting low- and moderate-income residents.
- ◆ Equipping those who engage clients directly with the available tools, resources and programs offered by their organization/agency, as well as by other local organizations and agencies.
- Greater engagement with local financial institutions, through partnerships with local providers, for access to and education of district residents
- Fostering long-term financial security for generational impact by engaging youth around financial skills, knowledge and services.

Key Recommendations

The recommendations for addressing financial insecurity are reflective of the current perceptions and experiences of services providers and provide a foundation for future discussions, advocacy efforts and collaboration among local stakeholders, as well as guide the integration and monitoring of asset building programs and services within District agencies. These recommendations fall in three main categories: collaboration, funding, and programming.

Fostering Greater Communication and Collaboration among Local Stakeholders

- ♦ The establishment of a District-wide asset building coalition provides a platform to elevate the issue of financial insecurity and mobilize local stakeholders.
- The creation of an inter-agency council focused on addressing challenges of financial security could champion this issue by harnessing the collective impact of District agencies.

Identifying and Diversifying Funding Sources and Opportunities

- The establishment of 'prosperity hubs,' or centralized locations where residents can access multiple services and organizations throughout the District.
- The development and identification of new funding sources and opportunities that address financial insecurity in the District to elevate financial insecurity and enhance current efforts to lessen its impact.
- → The creation of mechanisms that fund collaborative and long-term projects integrating additional and complimentary services can ensure organizations are able to address the complexities of financial insecurity.

Developing & Implementing Programs to Support Asset Creation & Preservation

- ◆ Establish a District government sponsored children's savings account program to limit the multi-generational impact of financial insecurity and provide young residents with early exposure to financial systems and products.
- Similarly, the creation of a state-sponsored retirement plan with automatic enrollment could help to increase retirement savings and ensure that residents are able to maintain their financial security in later years.
- Beyond traditional assets (e.g. savings and homeownership), investment in alternative job training and educational opportunities that prepare residents for in-demand and specialized skills that support increased earning potential is a viable solution for addressing financial insecurity.

Conclusion

This project calls on local stakeholders to participate in future engagements and to continue to strategize and set into motion a scalable, executable plan for addressing financial insecurity in the District. CAAB and CNHED, through the DC Asset Building Policy Project, are working to galvanize and address these issues, but we encourage local stakeholders to partner in efforts to lessen the impact and prevalence of financial insecurity and to advocate for the financial well-being of low- and moderate-income families.

FINANCIAL SECURITY

Introduction



Many District residents face the challenge of financial insecurity. Nearly 41% of all DC households experience liquid asset poverty and lack sufficient net worth to survive above the poverty line without income for three months. Despite the efforts of local organizations and agencies, this issue leaves many without the necessary resources to meet their basic needs or navigate emergencies and financial hardships. While this reality stymies the financial security of thousands of residents, the prevalence of widespread financial

Asset building strategies help families maintain financial security and navigate financial emergencies.

⁴ Prosperity Now, *2016 Assets and Opportunity Scorecard*, Census Bureau, Survey of Income and Program Participation (SIPP).

insecurity also poses a threat to the generations to come. Compounding this issue, the increasing cost of basic needs (e.g. housing, childcare and transportation) in many metro areas - particularly the District of Columbia - poses a particularly devastating impediment to the financial security of low- and moderate-income families.

Financial, or economic, security is the ability of individuals, households or communities to cover their essential needs sustainably and with dignity.⁵ As the inability of low- and moderate-income individuals and households to achieve financial security gains greater attention nationally, municipal and state organizations and agencies are increasingly using asset building strategies to combat this challenge.⁶ By equipping individuals and families with the necessary resources to cultivate and build upon a financial foundation, asset building strategies and

Financial security is the ability of individuals, households or communities to cover their essential needs sustainably and with dignity.

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security are helping individuals and households better navigate emergencies and hardships, while supporting their long-term financial capability and security.⁷⁸

Local nonprofits and agencies work to address widespread financial insecurity but do so largely independently. Capital Area Asset Builders (CAAB), particularly, has championed this cause in the District for nearly 20 years. Specifically, CAAB has



Financial security strategies help families navigate their personal finances, overcome emergencies and plan for long-term success.

⁵ The International Committee of the Red Cross. "What is Financial Security?" https://www.icrc.org/en/document/introduction-economic-security. (25 October 2017).

⁶ The term "asset building," for the purpose of the DC ABPP, refers to strategies (e.g. savings, education, home ownership, entrepreneurship, etc.) that enable greater access to economic security and opportunities, particularly for low-income communities and communities of color.

⁷ Boguslaw, Janet. "Strategic Philanthropy: Creating Opportunity, Build Wealth, and Driving Community Change" (The Asset Funders Network, 2013), 4, accessed February 9, 2017. http://assetfunders.org/images/pages/Strategic Philanthropy 2013.pdf.

⁸ http://assetfunders.org/images/pages/Strategic_Philanthropy_2013.pdf.

focused on empowering low- and moderate-income residents of the Greater Washington, DC metro region to take control of their finances, increase their savings and build wealth for a better future.

CAAB's work has had a positive impact on the lives of residents. The organization recognizes the need for increased attention to and collaboration around the issue of financial insecurity and to this end, CAAB has established a partnership with the Coalition for Nonprofit Housing and Economic Development (CNHED), the District's association for community development. This alliance was forged to organize and connect leaders from the local nonprofit, public and private sectors to elevate the issue of financial insecurity and develop a well-defined strategy for addressing it.

Through the DC Asset Building Policy Project (DC ABPP), CAAB and CNHED are working to elevate this issue and mobilize local nonprofit and public stakeholders to develop and execute strategies for lessening the prevalence of financial insecurity. Conceptualized as a multi-pronged initiative, DC ABPP intends to increase the assets, savings and net worth of low- and moderate-income District households through outreach advocacy, policies and greater public investment. Through this project, CAAB and CNHED envision that a well-defined, comprehensive asset building strategy will emerge, largely informed and shaped by research, education and discussion involving a cross-section of community stakeholders.

This report is a scan of the local asset building landscape.

The DC ABPP is structured around a set of priorities that will accomplish the following:

- Define asset building to foster greater awareness and tell the story of its generative impact;
- Articulate the barriers to achieving long-term financial capability and to integrate asset building programs and services within District agencies;
- Share best practices from other jurisdictions to inform the development of recommendations to address financial insecurity in the District;
- Engage public, private and nonprofit sector players to examine how asset building programs and services can be more deeply and effectively integrated into public services;
- Introduce a set of recommendations and a strategy to guide the integration and monitoring of asset building programs and services in District agencies.

The work of the DC ABPP is documented in our first report, *Addressing Challenges and Barriers to Financial Security in the District of Columbia.* This report is a scan of the local asset building landscape. Moreover, it will articulate the unique barriers to achieving long-term financial capability by low- and moderate-income District residents, while highlighting challenges around integrating asset building programs and services within District agencies.

⁹ The DC ABPP is made possible by the support CAAB received from the Citi Foundation Community Progress Makers Fund. The Fund is a two-year initiative to support high-impact organizations that are driving economic opportunity in their communities.



The District offers a vast array of resources to help residents secure their financial security, purchase homes, start businesses, navigate emergencies and plan for their financial futures.

Informed by local nonprofit and government agency stakeholders, the report presents strategies and recommendations for guiding the integration and monitoring of asset building programs and services in District agencies. Further, it outlines opportunities to maximize the impact of current programs and policies and to inform future policy recommendations and advocacy efforts.

The Current Asset Building Landscape in the District

The following observations were made in the process of gathering data and perspectives for this report, reflecting the current landscape of the District's financial support systems. District residents, based on the initial review of local programs and offerings, have access to a broad and diverse network of nonprofit and government stakeholders, as well as a suite of programs that function to improve the lives and financial well-being of low- and moderate-

income residents. The programs and services offered, by nonprofit and public organizations and agencies, provide residents with a vast array of offerings, including but not limited to lending and workforce readiness opportunities, financial literacy and small business support.

District agencies offer some of the most progressive programs and supports in the nation for low- and moderate- income families. Local nonprofit organizations providing financial literacy heavily promote The District's Earned Income Tax Credit (EITC) program, which is refundable at 40% of the amount allowed by the Internal Revenue Service. ¹⁰ This far exceeds Prosperity Now's desired outcome of states maintaining an ETIC that is refundable and at least 15% of the federal credit. ¹¹ By adopting this credit, the District is ensuring that working families are able to pay less in taxes and, as a result, maintain more of their earnings. This investment in supporting

¹⁰ DC Office of Tax and Revenue, "Earned Income Tax Credit for DC," https://otr.cfo.dc.gov/page/earned-income-tax-credit-dc (accessed November 11, 2017).

¹¹ Prosperity Now, "Prosperity Now Scorecard State Profile: District of Columbia," http://scorecard.prosperitynow.org/reports#report-state-profile/dc July 2017, (retrieved August 23, 2017).

low- and moderate-income families is also reflected in programs for residents who have little to no income. Residents receiving benefits through the Temporary Assistance for Needy Families programs (TANF) can receive support throughout their transition into employment. The DC Department of Human Services' (DHS) TANF Employment Incentive Program supports TANF recipients in securing and maintaining employment by offering TANF benefits and cash incentives for up to a six-month transition period. Unlike other municipal and state TANF programs, this program encourages and incentivizes residents' continued success, instead of cutting benefits once employment is secured. Both programs highlight that District agencies not only invest in low- and moderate-income residents, but actively invest in their continued success.

Nonprofit organizations also offer programs that support residents in need and proactively focus on their long-term financial capability and security. Nonprofit organizations working in partnership with CAAB such as Skyland Workforce Center and Life Asset, exemplify how collaboratively and independently stakeholders are looking to minimize financial insecurity.

- ◆ Skyland Workforce Center, with the support of five nonprofit partners Byte Back, Calvary Women's Services, Samaritan Ministry, Southeast Ministry/STRIVE, and Thrive DC offers high-quality employment programs and services. Functioning as a hub, Skyland programs maximize the client experience and offer clients wrap around services, such basic skills, workforce readiness, financial education and others, in one location. This provides client with the skills, knowledge and experience to gain employment and grow professionally.
- ◆ Life Asset provides small business supports and funding to residents unable to secure help through either traditional financial institutions or Community Development Financial Institutions (CDFIs), like the Washington Area Community Investment Fund (Wacif). Through their micro-lending program, counseling services and peer support programming, they focus on helping residents to launch, grow and maintain a small business that supports their longterm success.

Though they address financial insecurity from different perspectives, these organizations exemplify the innovative and strategic efforts of the District's nonprofit community.

The Washington Metropolitan Area boasts one the highest area median incomes (\$110,300) in the nation and a population where 32% of residents over the age of 25 have advanced degrees. These and other economic indicators consistently far outpace the national average and rank high among the largest metro areas, such as Seattle, Boston and San Francisco.

¹² DC Department of Housing and Community Development (DHCD), "Income Schedule as of October 2017." https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/IZ%20Income%20Schedule%20as%20of%20October%206%202017_1.pdf

¹³ U.S. Census Bureau, "American Community Survey 5-Year Estimates: 2012-2016," Education Attainment Table S1501, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_5YR_S1501&prodType=table (Accessed November 27, 2017).

Additionally, residents reflective of these measures are equipped with the skills and incomes required to achieve financial security in the District. Using the Living Wage Calculator from the Massachusetts Institute of Technology, a family of four in the District would need to earn an estimated \$90,858.¹⁴ These households are therefore able to meet their basic needs and have increased opportunities to achieve financial security and prosperity. The presence of well-educated, high-income earners in the District, nonetheless, is not reflective of the reality for all District residents. Financial insecurity and poverty are issues that impact thousands of District households.

Despite the success and projected expansion of aforementioned and similar programs, financial insecurity remains an ever-present and increasing threat to many residents. While stakeholders independently provide residents with opportunities to comprehensively combat financial insecurity, the District currently lacks a broad-based, multi-stakeholder driven initiative dedicated to addressing this issue.

Stakeholders Views on the Challenges and Barriers to Financial Security in the District

Perspectives captured through the scan and the ABPP planning summit, highlight impediments to residents' financial security and offer insights into the nature of financial insecurity in the District. Additionally, the captured perspectives and reflections explore the District's low- and moderate-income population, the programs and services they utilize, and the barriers and challenges to financial security they face, while offering insights about the District's asset building landscape.

The following perspectives are drawn from interviews conducted to gather information about the current system of support available to this population, and to identify key barriers and challenges within the existing landscape. Reflective of interviews with 19 nonprofit

Many are maintaining an annual income that falls roughly \$60,000 short of what is needed to meet their basic needs.

stakeholders and 8 District agencies, it also draws from input gathered at the Asset Building Planning Summit, which brought together over 60 practitioners from local organizations supporting low- and moderate-income residents, and existing literature and research.

The diverse cross-section of organizations and agencies represented in the scan and at the planning submit offer an array of services, including housing support and counseling, workforce readiness, small business lending, financial education services, etc. Interviewees were identified to participate based on their vested interest in the financial security of low- and moderate-income residents. It was important that the local scan captured a broad range of perspectives to present a

¹⁴ Department of Urban Studies and Planning, Massachusetts Institute of Technology, Living Wage Calculator http://livingwage.mit.edu/states/11

comprehensive and reflective view of the District's asset building landscape. Specifically, the scan was intended to uncover and explore:

- Barriers and challenges to financial security that District residents face;
- Opportunities to increase the effectiveness and efficiency of existing programs and services;
- ♦ Policies and programs that limit District residents' ability to achieve financial security; and
- ♦ Opportunities for supporting the financial security of low- and moderate-income residents.

In working to address and minimize the impact of financial insecurity, the following perspectives should help to inform and shape future policy recommendations and advocacy efforts championed by project stakeholders, CAAB and CNHED, and other local stakeholders.



Shared Perspectives on Financial Insecurity

The following perspectives were commonly expressed in describing the District's low- and moderate-income population. These perspectives ground and reinforce perspectives outlined in subsequent sections by providing a general understanding of this population.

African-American, Latinx individuals and women between the age of 35 and 45 are the primary users of asset building services and programs being offered by nonprofits and District agencies. The challenges facing these communities were often expressed to be similar, but manifesting in diverse ways within their respective populations. African-Americans continue to face long-term, multi-generational financial insecurity, due to lagging income growth and a lack of generational wealth, while many in the Latinx communities navigate issues connected to immigration. Additionally, women not only face lower income than men, but are more likely to become a single-parent, head of household. Excluding programs and services developed for specific age groups, the average age of participants utilizing services was reported to be between 35 and 45 years old.

Income levels and the escalating cost of living were often mentioned as ongoing impediments to residents' financial security. Many residents struggle to meet their basic needs, while maintaining annual incomes ranging between \$20,000 and \$28,000, according to the majority of those interviewed. For example, The DC Department of Employment Services (DOES) estimated that an annual salary of \$28,000 is a livable wage in 2016, which was supported in interviewees' reflections. However, when housing, transportation, childcare and other living expenses are taken into account, Massachusetts Institute of Technology (MIT) projects a livable wage for a household

¹⁵ DC Department of Employment Services. Living Wage Rates Under the District of Columbia Living Wage Act of 2006. https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/FY2016%20Notice%20of%20Living %20Wage%2Increase%20-%20NEW%20%282%29.pdf . (accessed Oct 27, 2017.)

with one parent and two children to be \$85,850.16 These figures highlight that many are maintaining an annual income that falls roughly \$60,000 short of what is needed to meet their basic needs.

Single-parent households with children also increasingly utilize local programs and services.

The prevalence of this perspective across stakeholders is especially significant considering the previous discussion of income levels. Based on MIT's livable wage estimates, a single-parent with two children should have a household income level that is comparable to that of a two-adult, potentially dual income, household with two children. Based on the perspectives captured and existing data, this places many low- and moderate-income households at risk of experiencing long-term and multi-generational financial insecurity.

The Household
Financial Security
Framework:
Navigate,
Learn, Earn,
Save, Own
and Protect.

Financial insecurity among low- and moderate-income residents is largely concentrated in Wards 7 and 8, with smaller pockets within Wards 1, 4, and 5. Over half of those interviewed highlighted these communities as not only home to many of their clients, but also areas with limited employment opportunities and resources. These perspectives suggest that financial insecurity is not only experienced by households, but also geographically concentrated, and therefore experienced by neighborhoods.

The previously discussed common perspectives alone have the propensity to trap low- and moderate-income residents in a cycle

of poverty and financial insecurity. Though these perspectives provide a sense of the nature of financial insecurity in the District, residents often face unique barriers and challenges as they navigate the components of the Household Financial Security Framework (Appendix A).

Looking at Challenges and Barriers to Financial Security

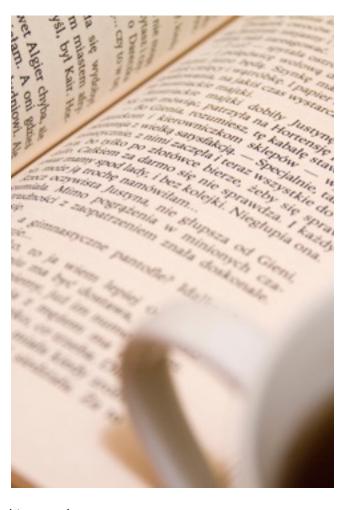
The challenges and barriers of low- and moderate-income residents discussed below reflect the complex and multi-dimensional nature of financial insecurity. Residents' financial security cannot be achieved through singular efforts (e.g. increasing access to banking or employment services), nor through the efforts of independent stakeholders such as CAAB's EITC program and the DC Department of Insurance, Banking and Securities' Bank on DC initiative. The following perspectives highlight the need for a multi-faceted approach involving diverse stakeholders. Additionally, these findings highlight how local stakeholders are engaging in asset building strategies, uncover opportunities for combating financial insecurity, and provide insights into the challenges that both services providers and their respective clients face.

¹⁶ Massachusetts Institute of Technology. "Living Wage Calculation for District of Columbia." Living Wage Calculator. http://livingwage.mit.edu/states/11. (Accessed November 17, 2017).

The Household Financial Security Framework (Appendix A) developed by Prosperity Now is utilized throughout the DC ABPP and in this section to frame and organize the captured reflections and perspectives. The DC ABPP is adopting this framework because it offers individuals and local nonprofit, public and private organization and agencies a roadmap for achieving and maintaining financial security by highlighting six key components — Navigate, Learn, Earn, Save, Own and Protect. Moreover, the Household Financial Security Framework's six components support sustainable financial security by taking into account the complex nature of this concept.

In assessing the challenges and barriers District residents face, the framework supports a comprehensive and enriched understanding of financial insecurity. The framework is grounded by a household's ability to efficiently and effectively navigate financial decisions and systems. It asserts that individuals' and households' ability to navigate those decisions

is bolstered by the training and education required to earn income, cover basic expenses and save for the future. As a result, individuals and households are able to secure and maintain assets, such as retirement accounts, homes and businesses. The final component is centered on ensuring that financial resources and other assets are maintained through insurance, consumer protections and other financial safety nets. This framework helps to offer households a clear pathway to financial security. It is used in the following section to contextualize perspectives and to highlight the role that local stakeholders can and do play in combating financial insecurity.



Organizations struggle to prioritize financial education when their clients have more immediate needs.



NAVIGATE

One foundational component of achieving financial security is the ability to navigate financial decisions and systems. Organizations, such as CAAB and Life Asset, support individuals and entrepreneurs in efficiently and effectively navigating financial systems. They continue to do so by integrating education and counseling services into their services delivery models and partnering with other District agencies and organizations, such as DC

Department of Children and Family Services Agency (CFSA) and other nonprofit partners, to ensure access to these services. Despite the availability of these services, residents also face challenges accessing and engaging financial systems and navigating financial services and resources.

Many stakeholders embed financial education, counseling and support into their service delivery model to encourage continued financial capability. For Example, Life Asset embeds financial education, credit counseling and peer support into their micro-lending programs. These services not only offer their clients experience navigating lending processes, but equip them with the knowledge and ability to establish and/or grow a small business. Most of their clients are ineligible to pursue traditional lending services, which can impact their ability to handle financial emergencies or establish a small business. Local stakeholders see the value of offering such services, but the provision of these services are often viewed as secondary or tertiary priorities because their clients have more pressing issues they need to address. In some cases, the organization may have limited capacity to offer these services.

There is limited funding to provide financial education and counseling services, and for those able to secure funding, it can stymie organizational capacity. Many organizations whose focus is not primarily on financial empowerment lack the resources to provide financially focused programs and services. Housing-focused service providers, such as Jubilee Housing and the Community Development and Preservation Corporation, also expressed this challenge. The funding and support they receive is largely restricted to services that focus on providing housing support and solutions for low- and moderate-income families. The lack of affordable housing and the increasing housing costs, however, has a direct impact on households' ability to achieve financial security. These organizations, much like their counterparts who focus on other related issues areas, recognize the value in providing financial coaching and support services, but have limited financial and organizational resources to integrate these services into their offerings.

Organizations struggle to prioritize financial education and counseling services while engaging low-income District residents, when the income of their clients is considered. In the District, there is a prevalence of residents with annual incomes below \$30,000 utilizing current programs and services. These income levels fall significantly short of what is considered a livable wage in the District. There was a shared view by some social service focused organizations that there is an apprehension about investing resources into financial education and counseling services at their clients' low income levels. Though many recognized the importance of these services, some organizations debated whether their resources would be better utilized providing services that stabilize their lives, i.e. traditional housing, health care services and connecting clients to public benefits.

Integrating financial education and counseling services into existing programs has a direct and significant impact on organizational capacity. A housing service provider praised the results they achieved integrating financial counseling services into their suite of services; however, the resulting increased cost of services per client reduced the number of clients that could be served.

The validity of and need for these resources was clear, but the challenge to offering these services arrives in stakeholders' ability to justify the tradeoff between integration of these services and reduced organizational capacity. Further, providing educational services and supports will not necessarily address the challenge of accessing and engaging financial services and products.

Many residents lack basic education and in some cases access to quality education.

Accessing financial institutions and banking services is difficult for many low- and moderate-income residents. Financial institutions have a limited presence in communities where these residents reside. Nearly 12% of District households exist outside of the traditional banking system, and nearly 25% have a bank account but still utilize alternative financial services, such as pay lending and check cashing services. The Accessing, acquiring and managing banking and financial services is fundamental to effectively and efficiently navigating financial decisions and systems. There are a number of programs and stakeholders, such

as DISB's Bank on DC, that work to decrease the number of unbanked and underbanked residents. The presence of such programs can do little to address some of the physical barriers to accessing traditional banking services and products. The limited presence of financial institutions in low- and moderate-income communities, along with feelings of apprehension about engaging these institutions, presents a barrier for stakeholders working to reverse these trends.



Acquiring the knowledge and skills needed to achieve long-term financial capability is essential to long-term financial security; however, many residents lack the skills and knowledge required to earn income and accumulate assets. Even for those who are able to gain and develop long-term financial capability, the pathways to achieving financial security can be limited by a lack of education and basic skills training. In the District, local organizations, like the Academy of Hope Public Adult Charter School, work to ensure that residents have access to educational services and credentials, such as the General Education Diploma (GED). By providing, and in many cases connecting, residents with education opportunities and resources, local stakeholders equip residents with the skills and training needed to support their long-term professional and entrepreneurial success.

Many low-income District residents lack the education and high-demand skills needed to secure and maintain a stable and livable income. Acquiring education, such as high school diplomas, college or advanced degree, and vocational training, is largely seen as an important method for achieving financial security because it increases one's earning potential. However, many stakeholders interviewed expressed that a significant percentage of their clients lack a high school diploma or equivalent. Residents' lack of and limited access to basic education inhibits their ability to secure advanced education and professional growth. Many residents are thus excluded from

¹⁷ Prosperity Now, 2016 Assets and Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP).

opportunities because they do not meet the minimum requirements for the position or the education and skill levels to advance professionally. Of the adults enrolled in the Academy of Hope's program, nearly 10% have a high school diploma or GED, but lack the sufficient basic skills needed to gain employment or attend college. As this example highlights, many residents lack basic education and in some cases access to quality education.

Social barriers play a major role in the ability of low- and moderate-income residents to acquire education. An interviewee stated that many clients view credentials and education as a pathway to improve their economic situation. Additionally, their clients consistently expressed that they were unable to secure a high school diploma or equivalency due to homelessness, substance abuse and/or incarceration. Moderate-income residents, on the other hand, face challenges when navigating financing college, student debt and sometimes limited earning potential upon graduation. The prevalence of these issues among low- and moderate-income residents continues to limit their ability to secure quality education that supports long-term financial security. Stakeholder interviews indicated that many low- and moderate-income clients see the value of education, but require support throughout their educational journeys.

There are limited alternative pathways to higher education and training available. Stakeholders support and promote advanced education, but many shared the view that alternative pathways are needed or should be offered as well, such as entrepreneurship training, vocational training and apprenticeships. Based on their age, income and demands of employment, many low- and moderate-income residents have limited time to pursue education and even more limited financial resources to invest. The limited availability of "alternative" education services and programs greatly inhibits their ability to advance their careers, which would enable them to increase their earning potential. While the current offerings of general skills training and job readiness programs have been successful in helping clients gain employment, stakeholders see the benefit in offering more specialized training (e.g. coding and app development) and apprenticeships. These programs, though not widely offered in the District, are viewed as an opportunity to make low- and moderate-income individuals more competitive in the job market and offer a career path with increased opportunities for advancement.

Advanced education and post-secondary training does not ensure long-term financial security. Interviews with District agency staff revealed there is growing financial insecurity among low- and moderate-income residents with advanced degrees. Education alone cannot ensure financial security and often, for this population, requires the acquisition of student debt. Instead of functioning as an asset, in these cases acquiring education leaves many financially insecure as they enter the workforce. The rising cost of education coupled with the investment of time required to complete advanced education can limit residents' ability to maintain financial stability. While pursuing education, residents must carve out time to attend classes, study and complete assignments, all while managing personal obligations, such as employment and raising children. Additionally, the education and skills earned are not guaranteed to lead to employment or prepare

residents for in-demand careers. To combat this challenge, many stakeholders expressed a need for educational and training opportunities that focus on entrepreneurship and technical training.

The importance of education and training opportunities is widely embraced by residents and service providers. While this asset can have an impact on resident's long-term financial security, education can ensure neither that residents earn a livable wage nor that they are prepared to be competitive in the workforce.



The ability to earn income, whether through wages or entrepreneurial efforts, is critical to the financial security of low- and moderate-income families. Education and financial capability are often drivers of financial security, but these assets simply aid individuals and households in maximizing and managing their financial resources and wages. Programs and services, offered by the Department of Employment Services (DOES), Skyland Workforce Center, and other local stakeholders, combat unemployment and underemployment by creating pathways to employment. Programs, like DOES's Project Empowerment, help thousands of residents to secure employment every year, but residents continue to struggle to secure and maintain employment.

Paradoxically, securing and maintaining employment can become a major barrier to the financial security of low- and moderate-income residents. When residents transition from unemployment to employment, they can face a loss of public benefits and supports that help meet their basic needs. Programs, like DOES's Project Empowerment and L.E.A.P., attempt to combat these challenges by employing an "earn-and-learn" approach. This approach supports residents by providing financial compensation as they complete employment and training opportunities. However, many local stakeholders lack the resources necessary to provide this level of financial support to their participants. The lack of widespread access to these valuable resources leaves many struggling to meet their basic needs while working to secure employment.

Transportation and childcare are two primary impediments in securing and maintaining employment. Outside of housing costs, transportation and child care are two of the most significant barriers that low- and moderate-income residents face. Based on the composition of the households identified by stakeholders, these costs absorb a considerable portion of residents' financial resources. While some local nonprofit organizations provide transportation support, the demand for these resources far outstrips supply. Child care presents an additional expense and another transportation cost, depending on the location of available affordable or subsidized child care. Organizations, such as Jubilee

The challenge of finding employment increases as prospective employees age.

Housing and Academy of Hope, have expressed interest in providing these services to clients on site; however, current regulatory policies and lack of funding limit their ability to offer services at their properties. Families and households, especially those with young children, must balance the

opportunity cost of investing a sizable portion of their time and resources into pursuing and maintaining employment vs. remaining unemployed or underemployed.

The age of low- and moderate-income residents can have a negative impact on employment prospects and earning potential. For the local nonprofit organizations and District agencies profiled, the average age of clients and constituents fell between 35 and 45. This creates a huge barrier for this population, considering their education and skill level. Available programs focus on job placement and readiness services, which are integral to increasing one's earning potential, but the positions, which are generally entry-level, do not offer a livable wage nor the opportunities to advance their careers. The challenge of finding employment increases as prospective employees age, greatly impacting this population entering and re-entering the workforce. The lack of opportunities coupled with a decreased timeline for professional growth and development often leave these residents trapped in a perpetual cycle of poverty, driven by their limited earning potential.

The education and skill level of many low- and moderate-income residents prepares them largely to acquire entry-level and low-wage positions. Employment that provides wages at or slightly above minimum wage increases the likelihood that the employee/ resident will need social supports and services, or work multiple jobs to meet their basic needs. The lack of education and training not only limits employment opportunities but impacts their earning potential. To combat this, many stakeholders expressed interest in providing more job-specific trainings and apprenticeships, such as coding and computer application development. This approach would allow them to offer specialized skills and equip participants with increased earning potential. Employment is key; however, it does little to support long-term financial security if it does not provide enough income to meet residents' basic needs.

The prevalence of criminal backgrounds and poor driving records also limit low- and moderate-income residents' ability to travel and earn a livable wage. Positions available to returning citizens and those with criminal backgrounds are limited, and many jobs in infrastructure and construction require a driver's license. Programs, like those offered by the Mayor's Office of Returning Citizens (MORCA), address these challenges directly by connecting returning citizens to support and resources through their case management. For many low- and moderate-income residents, and especially returning citizens, the process of securing a driver's license and identification is stymied by limited access to documentation. Further, some have lost their license due to unpaid fees and parking tickets. Their inability to resolve outstanding fees and balances and to secure identification documents leave them further disadvantaged. This has inspired stakeholders, such as MORCA, not only to help with the process of securing documentation, but also to offer support with the associated fees.

Mental illness and health challenges were highlighted as barriers that limit low- and moderate-income residents' ability to secure employment. The prevalence of trauma, post-traumatic stress disorder (PTSD) and other mental health issues greatly diminish some residents'

ability to secure and maintain employment. According to a recent poll, greater attention to this public health dilemma continues to grow. Nearly 50% of children in the District encounter at least one adverse childhood experience (e.g. abuse, neglect and family/household challenges). The Center for Disease Control posits that these experiences can have a profound effect on an individual's social, emotional and cognitive development, which is reflected in the perspectives offered by local stakeholders.

These challenges and barriers leave many District residents unable to secure and maintain employment that offers a livable wage, allowing them the opportunity to cover their basic needs and save each month. Earning a livable wage can position District residents to achieve financial security, but limited savings can hinder their ability to maintain financial security and navigate emergencies.



Saving can only occur when residents have additional resources after covering their basic needs and expenses. Further, as discussed above, there are numerous barriers to accessing financial services and tools, such as savings accounts. Though the lack of access to a savings account greatly impacts one's ability to save, saving requires much more than that. Nearly 31% of District households experience asset poverty and don't have enough savings to live above the poverty line for three months without income.¹⁹

Even among residents who are able to meet their basic needs, there is still widespread financial insecurity, based on limited savings. For low- and moderate-income residents, these challenges are exacerbated. Of the organizations and agencies engaged, more than half reported they have a considerable number of clients with incomes between \$20,000 and \$30,000. These low incomes fall significantly short of a livable wage, leaving the prospect of saving largely out of reach. Limited availability of money to save presents short- and long-term vulnerability. While emergency savings can better prepare residents for emergencies and unexpected expenses, long-term savings, such as retirement accounts and saving for a down payment on a home, ensure that residents are able to achieve and maintain financial stability and prosperity. Representatives from two different District government agencies expressed that this issue is also one that requires a behavioral shift. Many of their clients struggle to adopt the practice of savings, despite their exposure to financial literacy training and financial resources.

Long-standing behaviors and perceptions of the traditional banking system present a challenge to utilizing traditional banking services and products. Interviewees expressed difficulty in connecting individuals with these services, especially as residents advance in age. Many have existed so long outside of traditional financial and banking systems that the transition is

¹⁸ Data Resource Center for Child and Adolescent Health. 2016 National Survey of Children's Health. http://childhealthdata.org/browse/survey/results?q=4783&r=1&r2=10. (Accessed November 13,2017).

¹⁹ Prosperity Now, 2016 Assets and Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP).

difficult to facilitate. Also, negative past experiences and a lack of familiarity among residents impact their willingness to embrace these services and products. Programs, like the Individual Development Accounts (IDA) offered by CAAB, help to provide positive reinforcement for savings by matching the contributions of participants, but are largely connected to specific goals and populations (i.e. a down payment for home purchase). Though resources and programs to support savings are available, there is limited funding for these programs - and there is uncertainty about the long-term availability of federal funding to support such efforts.

Housing costs account for a considerable share of residents' income and directly impact their ability to save. Nearly a third of District residents find themselves spending more than 30% of their income on housing.²⁰ Many low- and moderate-income households struggle to afford rents ranging from \$500-\$800/month, where the DC area average rent for a two bedroom apartment exceeds \$1,500.²¹ The lack of affordable housing and escalating housing costs highlight the large share of wages that must be reserved for housing. Without income and support to cover the exuberant and increasing costs of this necessity, saving is not possible and seemingly never will be for many residents.

Savings are important because they ensure residents are able to meet their basic needs and save for emergencies and long-term goals. Additionally, savings can help individuals to invest and acquire wealth-building and income-generating assets.



Ownership is touted as not only a symbol of achieving financial security, but also as a secondary or robust source of income. While savings are important for ensuring the availability of resources and assets for immediate and short-term needs and goals, ownership encompasses financial assets, like stock, bonds and rental properties, and other assets, like homeownership and small business ownership, that provide long-term investments and stability. Organizations, such as Wacif and the Latino Economic Development Center (LEDC), provide residents with the support and resources to pursue homeownership and entrepreneurship.

A lack of credit and negative credit histories are barriers that have an immense impact on the financial security of residents. Nearly all of those interviews mentioned this as an impediment to residents' ability to achieve financial security. Negative and/or limited credit history has the potential to restrict residents' ability to navigate financial systems (e.g. opening a bank account) and to secure employment and financing for homeownership and entrepreneurial efforts. Organizations, like University Legal Services, provide credit counseling services to their clients. These services not

²⁰ National Low Income Housing Corporation. "The GAP: A Shortage of Affordable Homes." March 2017. http://nlihc.org/sites/default/files/Gap-Report_2017.pdf (accessed November 27, 2017).

[&]quot;The Average Rent for a 2-Bedroom in DC Has Dropped .4 Percent in the Past Year", Washingtonian, 8/3/2017, https://www.washingtonian.com/2017/08/03/the-average-rent-for-a-2-bedroom-in-dc-has-gone-down-4-percent-in-the-past-year/



Homeownership is both a tool for and a challenge to achieving financial security. only help residents to gain knowledge of and exposure to the importance of good credit, but also present service providers with an opportunity to support residents in better understanding credit and addressing challenges or negative items on their credit report.

Homeownership is largely out of reach for low- and moderate-income residents of the District, as the cost of housing escalates.

Further, even if eligible for programs like the Home Purchase Assistance Program (HPAP), many are unable to find a qualifying home to purchase that they can afford to finance. The increasing cost of housing makes finding a home under the maximum purchase price difficult, according to one interviewee.

Organizations, like the Latino Economic Development Corporation, assist residents with accessing and navigating HPAP, a program that has helped thousands of District residents become first-time homeowners. Nonetheless, due to the above-mentioned challenges and the lack of affordable housing, many residents are

unable to achieve homeownership and are relegated to renting.

Entrepreneurship and small business ownership are pathways to financial security that are largely inaccessible or unknown to low- and moderate-income residents. A business is not only an asset, but it also provides residents with the opportunity to generate income. However, business ownership is often out of reach for low- and moderate-income residents, as start-up capital is often inaccessible. While Life Assets offers micro-lending opportunities and works with residents with poor or no credit, most financial institutions and CDFIs do not. Further, many low-income aspiring business owners are unable to secure a business license without financial assistance. According to one business assistance provider, the challenge of securing a business license is largely due to its cost, which was reported to be one of the highest in the nation. Though stakeholders provide support for entrepreneurs, business ownership is not widely endorsed as an alternative income source and wealth generator.

The inability to secure financial support, due to credit challenges and restricted access to capital, also limits many small businesses' establishment and growth. Like housing costs, the rising cost of commercial real estate and rents poses a serious threat to small businesses and many of the nonprofit organizations that support them and DC residents. This conundrum, mentioned by a District agency representative, places many business owners at risk of closing their businesses, while threatening the future of the organizations that provide support and services.

Ownership is a goal that many residents struggle to achieve and maintain. There are resources available to support investment and ownership opportunities, but participants expressed a need for more strategic support.



Those who are fortunate enough to overcome the odds lack many of the vital supports to navigate, maintain and protect their assets. Through counseling services, such as the District's Department of Housing and Community Development's Small Business Technical Assistance (SBTA) program, local stakeholders work to ensure that residents and small businesses can maintain and protect their assets.

For those able to achieve homeownership, the post-purchase process presents a challenge for many low- and moderate-income residents' financial security. Issues related to repairs, upkeep and taxes can threaten residents' ability to maintain their homes. Organizations, such as LEDC and University Legal Services, offer foreclosure counseling and prevention services. However, stakeholders expressed a need for post-purchase support and training. Many available programs support residents through purchase and foreclosure processes, but not for the critical period after purchase. The resulting void leaves many first-time homebuyers and low- and moderate- income residents to navigate the challenges of homeownership on their own. Additionally, the available funding and resources do not support such efforts, leaving many vulnerable to foreclosure.

Collaboration presents an opportunity to holistically support clients, while supporting other partners.

Foreclosure remains a threat to homeowners and their long-term financial security. In 2016 alone, 3,446 foreclosures were executed in the Washington, DC Metropolitan area. ²² One District agency representative characterized this issue as a continued threat to District residents' financial security. Residents who experience foreclosure lose their homes, which are often their largest assets, and must also deal with residual financial impacts, such as negative credit history. Many face foreclosure if they are unable to meet obligations, such as paying increasing property taxes.

²² Core Logic, "National Foreclosure Report: December 2016." 2017. http://www.corelogic.com/research/foreclosurereport/national-foreclosure-report-december-2016.pdf (accessed November 22, 2107)

The financial security of individuals is increasingly threatened as they age beyond 55 years of age. Many residents, according to a District agency representative, find themselves unable to meet their basic needs as they age. Often contending with low, fixed income, older residents find themselves unable to afford an increasing cost of living. They are often forced to continue working one or more jobs, rather than retire, and are left to experience financial insecurity. Additionally, the District has few agencies or organizations that work to ensure the financial security of aging residents.

Based on the insights and knowledge of local service providers and leaders, the above reflections and perspectives provide a snapshot of the asset building landscape and the challenges that residents face. While compiling and reporting these perspectives will help to better inform and prepare stakeholders to combat financial insecurity, they also help to better identify opportunities for addressing financial insecurity and to inform future policy recommendations.

Opportunities for Increasing Financial Security

In addition to identifying and assessing challenges and barriers, the local scan gathered insights from nonprofits and District agencies about existing opportunities for improving the lives and financial well-being of residents. The following reflections, captured through the scan and planning forum, highlight how local stakeholders feel they can better connect residents to opportunities that lead to long-term financial capability (i.e. knowledge, skill and sound decision-making) and financial security.

Though local stakeholders acknowledge numerous opportunities for addressing financial insecurity exist among low- and moderate-income residents, they overwhelmingly support opportunities for:

- Embedding financial services and support programs into the full spectrum of existing nonprofit and District services and programs;
- Developing a more defined District-wide strategy for how local stakeholders address and approach financial insecurity; and
- ♦ Addressing financial insecurity earlier in the lives of low- and moderate-income residents.

These opportunities identified by local stakeholders not only highlight how groups can better address financial insecurity, but also how they perceive their roles in addressing this issue.

Local stakeholders widely view an increased and intentional focus on embedding financial literacy, education and support into the service delivery ecosystem as an opportunity to curb financial insecurity. The scan and the planning summit captured perspectives and reflections from a diverse group of organizations and agencies, which focus on housing, social services, education, etc. While the primary focus of most participants is not solely financial education, services and products, participants overwhelmingly acknowledge the importance and relevance of such offerings to their clients.

Two methods for embracing this opportunity emerged during the scan: 1) independently offering complementary, financially-focused programs and services, and 2) partnering with organizations, like Life Asset and CAAB, to offer such programming. Both strategies are proven methods for maximizing this opportunity to support the long-term success and financial security of their clients. However, financial and organizational capacity limitations can have a negative impact on the ability of local stakeholders to integrate these strategies into their respective programs and organizations. Mission alignment and sustainable funding are vital to the success of nonprofit organizations and District agencies, but these resources are not always conducive to exploring this opportunity.

Many stakeholders expressed the importance of offering continuous and holistic support to ensure long-term financial security of residents. Financial security cannot be achieved through singular and short-term actions. The District could maximize this opportunity by intentionally incorporating financial education and well-being into services (i.e. education, life skills, etc.) and increasing collaboration and communication between agencies. Many services providers and front-line staff lack the knowledge and skills required to offer financial education and counseling support alongside their other services, which could prove disruptive to long-term and holistic efforts to address this issue. While funding to support financially-focused training and professional development for staff is limited, there is a broad acknowledgement of the value of training staff. For example, combining financial literacy and counseling services with workforce development efforts supports residents' professional and financial advancement by meeting their immediate needs and preparing them to better manage future earnings. Additionally, increasing knowledge sharing and developing a strong referral network and/or database could address this missed opportunity.

Local stakeholders expressed the need for more intentional collaboration among nonprofit and public providers and agencies supporting low- and moderate-income residents.

Participants largely expressed satisfaction with their relationship and collaboration with District government agencies, which was reciprocated in conversation with District agencies. However, both segments of stakeholders — nonprofit and District government — expressed a desire to more efficiently communicate and collaborate internally within their distinct ecosystems. Though organizations like Jubilee Housing partner with organizations like Life Asset to support their clients, such partnerships are not widespread. Collaboration presents an opportunity to holistically support clients, while supporting other partners in leveraging their unique expertise and services. This is not to say that there is no collaboration within each 'ecosystem,' but does highlight a need to address financial insecurity in the District through a broad-based strategy involving diverse stakeholders. District organizations and agencies have an opportunity to more intentionally create and embrace opportunities to collaborate, engage in knowledge sharing, and refer clients and constituents.

Service providers and front-line staff in nonprofits and District agencies are largely unaware of the available tools, resources and programs outside of their offerings. Limited collaboration and knowledge sharing among stakeholders creates a huge missed opportunity for maximizing clients' experiences and fostering long-term success. According to stakeholders, equipping those who engage clients directly with such information could help residents by exposing and connecting

them to other available tools and resources offered by local organizations and agencies. Additionally, for agencies that do not offer financially focused programs and services, this provides an opportunity to contribute to residents' long-term financial stability. Participants at the planning summit voiced that many service providers lack information about existing services and programs and no knowledge where to acquire information on available offerings. As noted earlier, the District boasts a diverse and comprehensive offering of programs and services that support and promote financial security. However, limited widespread knowledge of these resources and services limit service providers' ability to connect clients with these valuable tools.

Local stakeholders voiced an interest in partnering more closely with financial institutions and advocating for greater community engagement. Local stakeholders also expressed that

financial institutions should be held more accountable for educating and engaging District residents. Though local stakeholders can provide skills, knowledge and exposure to financial systems and products, residents must engage with local financial institutions to gain access and experience. Banks are legally required to engage and support the communities where they are located. This opportunity would not only allow residents and constituents more exposure to and interaction with financial institutions, but also provide an opportunity to build trust and relationships between residents and financial institutions. As noted above, many residents have a long-standing mistrust and lack of familiarity with traditional banking services, products and services. Connecting residents to these institutions provides an opportunity to overcome this barrier.

Facilitating relationships with financial institutions helps them better meet the needs of residents.

Additionally, participants expressed the need to leverage relationships with financial institutions to create formal financial channels for residents. Unfortunately, access to financial institutions can be limited in many of the communities that participants support. Facilitating relationships with financial institutions can better position them to help meet the needs of residents.

Educating and engaging youth around financial skills, knowledge and services is largely viewed as an opportunity for early intervention and fostering long-term financial capability.

Participants, in both the scan and planning summit, recognized the need to combat financial insecurity early. The low- and moderate-income population in the District is largely middle aged and will continue to experience fewer opportunities to improve their financial standing as they age. To counter this trend, many expressed the need to intervene early in the lives of those 14-24 through youth-focused programs and K-12 interventions. While some stakeholders expressed an interest in engaging youth earlier (i.e. elementary education), they largely acknowledged the importance of being exposed to financial skills and knowledge before adulthood. Though most expressed an interest in leveraging this opportunity to support their long-term financial capability, some also saw this as an opportunity to engage families. Poverty and financial insecurity can have generational impact; stakeholders have an opportunity to support long-term financial security by engaging youth and their families through financially-focused services and programs.

Stakeholders expressed a commitment to ensuring that the needs of low- and moderate-income residents are holistically assessed and addressed whether through program offerings or collaboration with existing programs centered around financial education and support services. These opportunities also highlight an underlying desire to address this issue, despite the lack of a current District-wide initiative.

Recommendations for Addressing Challenges and Barriers to Financial Security

The perspectives and opportunities captured and identified throughout the report are intended to inform local stakeholders and support recommendations and strategies for addressing financial insecurity in the District. The following recommendations, which incorporate and build upon insights gathered through the scan and planning summit, highlight and reinforce the need for a multistakeholder comprehensive strategy that addresses financial insecurity among District residents. These recommendations can guide the integration and monitoring of asset building programs and services within District agencies.

The data currently available to assess the District and its ability to combat financial insecurity does not paint a complete picture. The District is a national frontrunner in supporting residents' financial health, based on its suite of programs/services and comparatively high investments in its residents' financial security; however, too many residents are being left behind. The following recommendations to address financial insecurity are segmented into three main strategy areas:

- Fostering and supporting greater communication and collaboration among stakeholders;
- Identifying and diversifying funding sources and opportunities for local stakeholders to address financial insecurity among residents; and
- → Developing and implementing District-wide programs that support and encourage asset creation and preservation.

As a reflection of the current perceptions and experiences of service providers, residents, and other stakeholders, the below recommendations are not exhaustive but rather provide a foundation for future discussions, advocacy efforts and collaboration among local stakeholders. The recommendations do require the support and investment of local nonprofit and District agency leaders, as well as the low- and moderate-income residents that they are aimed to benefit.



Fostering Greater Communication and Collaboration Among Local Stakeholders

Local stakeholders should work to increase communication and collaboration in addressing financial insecurity in the District. Though collaboration is a widely embraced concept among local stakeholders and a primary objective of the DC ABPP, the District lacks a multi-stakeholder driven effort to address financial insecurity collaboratively. The following recommendations highlight opportunities that facilitate greater communication and collaboration among local nonprofit and public entities.

The establishment of a District-wide asset building coalition provides a platform to elevate the issue of financial insecurity and mobilize local stakeholders. The establishment of this coalition will provide a platform for local nonprofit leaders to organize and mobilize around policies that elevate and address financial insecurity in the District. Financial insecurity can neither be addressed by a singular action, nor through the efforts of a single agency. By bringing together a diverse group of local stakeholders, the establishment of an asset building coalition provides a structured and local-stakeholder-driven vehicle for addressing this issue. Additionally, an asset building coalition supports knowledge sharing and increased exposure to other services and programs. These two attributes of an asset building coalition work to enhance current efforts to address financial security and to develop a strategy for emerging opportunities.

The creation of an inter-agency council focused on addressing challenges of financial security could champion this issue by harnessing the collective impact of District agencies. The interagency council will provide an outlet for local organizations and agencies to collaborate and develop a more robust referral network for resources in the District, while providing an opportunity to increase interactions with District agency representatives around financial insecurity. Though most expressed positive working relationships with District agencies, limited interaction and communication between local stakeholders remains a barrier. The establishment of an inter-agency council on financial security would overcome this barrier and would likely focus on executing and harnessing the power and synergy of collaborative efforts.

Organizations
working to
address similar
and different
issue areas often
must compete
for the same
resources.

Convening and strategizing collectively provides an opportunity to elevate the issue, and facilitates development of comprehensive solutions that are District-wide and practical. Those doing the work and engaging low- and moderate-income families, as this report highlights, hold a wealth of knowledge and insights into the barriers and challenges this population faces. Fostering greater communication and collaboration improves the likelihood of achieving enhanced programs and policies. An inter-agency council would not only harness collective knowledge, but also assist in strategically utilizing the information to support well-coordinated programs and effective policies for long-term, widespread financial security in the District.



Identifying and Diversifying Funding Sources and Opportunities to Address Financial Insecurity

Though collaborative efforts will better position stakeholders to more effectively and aggressively

address this issue, funding opportunities are limited for organizations wanting to integrate financial capability, education and wellness into existing services and programs. This approach requires that local stakeholders be creative and strategic in efforts to expand and enhance existing programs and services.

The establishment of 'prosperity hubs,' or centralized locations where residents can access multiple services and organizations, throughout the District could aid in overcoming funding challenges. Many local stakeholders expressed that organizational and financial limitations hinder their ability to embrace and execute programs that explicitly and directly address financial insecurity. Transportation cost and the limited accessibility of services among clients and residents, coupled with the challenges of local stakeholders, present a barrier to increasing the impact and effectiveness of local efforts. Organizations working to address the various issue areas often must compete for the same resources. Offering residents an opportunity to access a diverse set

of services and organizations in one physical location promotes collaboration, instead of encouraging competition and the redistribution of already limited resources. Additionally, a shared, centralized location could reduce the impact of increasing commercial property costs on nonprofit organizations, while providing clients with a centralized location to access services. Though increased investment in current programs, services and service providers is necessary to elevate and advance work around financial security, this strategy provides an opportunity to better maximize and enrich current offerings and client experiences.



The older generation and youth are the two groups most affected by financial insecurity and the factors that influence it.

The development and identification of new funding sources and opportunities that address financial insecurity in the District could elevate this issue of financial insecurity and enhance current efforts to lessen its impact. The funding environment does not allow much opportunity to integrate services and programs that support the long-term financial empowerment of residents. Integrating additional and complimentary services, such as financial literacy, credit counseling, job training, mental health services, etc., can provide more enriched service delivery among stakeholders. While this strategy nationally and locally has proven effective, providing services in this manner is difficult to fund and largely cost-prohibitive. Further, local stakeholders expressed a need for local funding and grant opportunities that fund collaborative and long-term projects to address the complexities of financial insecurity. Based on current funding opportunities and requirements, employing this approach limits the number of clients that can be served, due to its high per-client costs, and forces stakeholders to focus on short-term immediate outcomes.



Developing & Implementing Programs to Support Asset Creation & Preservation

The District should focus more attention and resources on the creation and preservation of assets. Nationally, states and municipalities (like Maine and Nevada) have established children's savings accounts (CSAs) and automatic retirement accounts to support the long-term financial security of their residents. Establishing and maintaining these programs in the District not only takes the opportunity for early intervention, but also fulfills an existing gap in current offerings and services.

The establishment of a District government sponsored CSA program will limit the multigenerational impact of financial insecurity and provide young residents with early exposure to financial systems and products. Local stakeholders widely expressed the importance of combating financial insecurity earlier in the lives of residents. Ensuring that all children in the District receive this resource and structuring additional District-sponsored contributions based on the income of households could help to address widening wealth gap. Financial insecurity is often longterm and multi-generational. The establishment of this program could not only disrupt this pattern, but also provide District children and residents with support for education and future entrepreneurial efforts. Though these efforts are intended to disrupt future financial insecurity, more should be done to address financial insecurity later in life as well.

Similarly, the creation of a state-sponsored retirement plan could help to increase retirement savings and ensure that residents are able to maintain their financial security in later years. It is widely held that employers who automatically enroll employees generally have higher participation in retirement plans. Mandating automatic enrollment and offering a state-sponsored option for small and medium companies and nonprofit organizations could increase District-wide participation in long-term saving strategies. Residents enrolled in these programs should be automatically enrolled with the option to opt-out. This strategy can support residents in securing

and saving their financial resources, while normalizing and encouraging long-term savings strategies.

Beyond traditional assets (e.g. savings and homeownership), investment in alternative job trainings and educational opportunities is a possible solution for addressing financial insecurity. Much of the funding and supports available to prepare residents for the workforce centers on traditional pathways and skills trainings. Developing, promoting and offering alternative pathways (i.e. entrepreneurship, apprenticeships, coding and app development) can prepare residents with in-demand and specialized skill sets that support increased earning potential. Though equipping residents with soft and basic skills necessary to enter the workforce is important, this does little to promote long-term professional growth and advancement. Additionally, some alternative pathways overcome barriers, such as immigration status and criminal backgrounds, by preparing residents for opportunities where these realities have a minimal impact. While there is a need to increase investment in youth-focused programs and services, the reality is that thousands of middle-age District residents need alternative pathways that can quickly produce quality, livable-wage and income-generating opportunities. Unlike traditional pathways, such as basic skills trainings and traditional 2-4-year college educations, residents will be offered an opportunity that requires a shorter investment of time and yields a practical, in-demand set of specialized skills.

Strategic investment in the creation and preservation of assets is a prime opportunity for District nonprofit and government stakeholders to address financial insecurity. Traditional and nontraditional strategies are essential to support financial security District-wide. While current services and programs continue to support financial security, the inclusion of additional programs will reinforce and complement existing services while expanding current offerings.

Conclusion

The DC ABPP provides local leaders and service providers with an opportunity to get engaged and take action to reverse current trends and improve the lives of low- and moderate-income residents. Financial insecurity is an issue that requires the involvement of a diverse and broad cross-section of local stakeholders.

Direct and strategic interventions and attention to the issue of financial insecurity provide local stakeholders with an opportunity to not only better prepare current residents, but to disrupt the long-term generational impact of financial insecurity. This project calls on local stakeholders to participate in future engagements and to continue to strategize and set into motion a scalable, executable plan for addressing financial insecurity in the District. CAAB and CNHED, through the DC ABPP, are working to galvanize and address these issues, but we encourage local stakeholders to partner in efforts to lessen the impact and prevalence of financial insecurity and to advocate for the financial well-being of low- and moderate-income families.

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Appendix A: Prosperity Now's Household Financial Security Framework



Appendix B: Local Interviewees

Anabell Martinez, Housing Director, CARECEN (Central American Resource Center)

Andrew Rogers, Director, Skyland Workforce Center

Angele' Doyne, Community Partnership Manager, East River Family Strengthening Collaborative

Derek McDaniels, Director of Housing, Greater Washington Urban League

Elizabeth Jennings, Deputy Director, National Disability Institute

George Jones, CEO, Bread for the City

Grace Foster, DC Chapter Director, Back On My Feet

Harold Pettigrew, Executive Director, Washington Area Community Investment Fund

Jane Brown, Esq., Executive Director, University Legal Services

Jim Knight, President, Jubilee Housing, Inc.

Kimberly Corbin, Chief Financial Officer, Greater Washington Urban League

Lecester Johnson, Chief Executive Officer, Academy of Hope

Marian Siegel, Executive Director, Housing Counseling Services

Markus Larrson, Executive Director, Life Asset

Marla Bilonick, Executive Director, Latino Economic Development Center

Michael Morris, Executive Director, National Disability Institute

Pamela Lyons, Senior Vice President Community Impact Strategies, Community Development and Preservation Corporation

Philip Hecht, President and CEO, Housing Up

Sharafdeen Ibraheem, Deputy Director, East River Family Strengthening Collaborative

Sylvia Stokes, Vice President of Programs, Jubilee Housing, Inc.

Tameka Logan, Chief Program Officer, Urban Alliance

Teresa Hinze, Executive Director, Community Tax Aid

Vicki Davis, Business Developer, Life Asset

Alicia Jackson, Workforce Development Specialist, Mayor's Office on Returning Citizen Affairs

Brian Campbell, Economic Security Administration, DC Department of Human Services

David Ross, Economic Security Administration, DC Department of Human Services

Elise Nelson, Program Analyst, Mayor's Office on African American Affairs

Idriys Abdullah, Consumer Protection Advocate, DC Department of Insurance, Securities and Banking

Lamont Lee, Residential and Community Services Division Manager, DC Department of Housing and Community Development

Michelle Hammond, Bank on DC, DC Department of Insurance, Securities and Banking

Odie Donald, Director, DC Department of Employment Services

Rahman Branch, Director, Mayor's Office of African American Affairs

Kimberley Bassett, Director, Mayor's Office on Women's Policies and Initiatives

Appendix C: Listing of Nonprofit and District Agency Stakeholders

The following is a compilation of District asset builders profiled through the scan.

Nonprofit Stakeholders

Academy of Hope Public Charter School - Our mission is to provide high quality education and services that change lives and improve our communities.

Back on My FEET - Back on My Feet, a national organization operating in 12 major cities coast to coast, combats homelessness through the power of running, community support and essential employment and housing resources.

Bread for the City - The mission of Bread for the City is to help Washington, DC residents living with low income to develop the power to determine the future of their own communities.

Central American Resource Center (CARECEN) - CARECEN's mission is to foster the comprehensive development of the Latino population in the Washington metropolitan region by providing direct services, while promoting grassroots empowerment, civic engagement, and human rights advocacy.

Community Preservation and Development Corporation - Develops vibrant communities through innovation and partnership.

Community Tax Aid - CTA provides comprehensive, cost-effective, professional income tax assistance to low-income members of our community – all without charge.

East River Family Strengthening Center - The mission of East River Family Strengthening Collaborative, Inc. (ERFSC) is to empower families, youth, seniors and communities to become more self-sufficient through integrated and collaborative community-based services utilizing evidence based practices that are family focused and person-centered.

Greater Washington Urban League - The mission is to ensure everyone in the Washington, D.C. metropolitan area is on the road to self-sufficiency through a variety of innovative programs.

Housing Counseling Services – Provides comprehensive counseling, training, advocacy, technical assistance and housing opportunities for low- and moderate-income home buyers, home owners, and tenants; to help them achieve successful living in healthy, safe, and affordable homes.

Housing Up - Housing Up is a nonprofit that provides housing and comprehensive support services to homeless and at-risk families so that they can transform their own lives.

Jubilee Housing - Jubilee Housing's mission is to build diverse, compassionate communities that create opportunities for everyone to thrive.

Latino Economic Development Center - LEDC's mission is to drive the economic and social advancement of low- to moderate- income Latinos and other underserved communities in the D.C. and Baltimore Metropolitan Areas by equipping them with the skills and tools to achieve financial independence and become leaders in their communities.

Life Asset - The mission of Life Asset is to help alleviate poverty in Washington, DC, by empowering people through affordable financial products, services, and education, thereby promoting self-help and self-respect and expanding social and economic opportunities for lower income residents.

National Disability institute - The mission of National Disability Institute is to drive social impact to build a better economic future for people with disabilities and their families.

Skyland Workforce Center - Skyland Workforce Center is a nonprofit collaborative designed to engage individuals, business, government, and community-based organizations to serve as a hub for a range of services and opportunities for people working toward self-sufficiency through employment.

University Legal Services (Housing Counseling Program) - University Legal Services (ULS) is an intake center for the Department of Housing and Community Development's (DHCD) housing programs that help low and moderate-income families and individuals buy homes, rehabilitate homes, and prevent mortgage default and foreclosure.

University Legal Services (Protection and Advocacy Program) - University Legal Services is a private, non-profit organization that serves as the District of Columbia's federally mandated protection and advocacy system for the human, legal and service rights of people with disabilities.

Urban Alliance - Urban Alliance empowers under-resourced youth to aspire, work and succeed through paid internships, formal training, and mentorship.

Wacif - Wacif's mission is to enable these entrepreneurial men and women to open a small business, expand child care and strengthen our region's affordable housing and other community organizations.

District Agencies

Department of Employment Service - The Department of Employment Services provides comprehensive employment services to ensure a competitive workforce, full employment, lifelong learning, economic stability and the highest quality of life for all District residents.

Department of Housing and Community Development - The mission of the Department of Housing and Community Development (DHCD) is to create and preserve opportunities for affordable housing and economic development and to revitalize underserved communities in the District of Columbia.

Department of Human Services - The mission of the D.C. Department of Human Services is to empower every District resident to reach their full potential by providing meaningful connections to work opportunities, economic assistance and supportive services.

Department of Insurance, Securities and Banking - The mission of the Department of Insurance, Securities, and Banking is two-fold: (1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and (2) develop and improve market conditions to attract and retain financial services firms in the District of Columbia.

Mayor's Office on African American Affairs - The Mayor's Office on African American Affairs (OAAA) seeks to engage the extraordinarily diverse culture of the African American community in the District of Columbia. OAAA works to empower these residents through equipping them with the government resources and services that they need while also providing programmatic support to each facet of the community.

Mayor's Office on Returning Citizens Affairs - The Mayor's Office on Returning Citizen Affairs (MORCA) mission is to provide zealous advocacy, high-quality services and products, up-to-date, useful information for the empowerment of previously incarcerated persons in order to create a productive and supportive environment where persons may thrive, prosper and contribute to the social, political and economic development of self, family, and community.

Mayor's Office on Women's Policies and Initiatives - The Office on Women's Policy and Initiatives (OWPI) is committed to enhancing the quality of life for all women and their families within the District of Columbia.

DC Asset Building Policy Project

A CALL TO ACTION







To join the movement or for more information, please contact:

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