

U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION Money Smart
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 2-01

TO : ALL STATE WORKFORCE LIAISONS
STATE WELFARE-TO-WORK CONTACTS

FROM : LENITA JACOBS-SIMMONS 
Deputy Assistant Secretary

SUBJECT : Participation in Money Smart Financial Education Effort

1. **Purpose.** To transmit information on the Money Smart (MS) cooperative venture on financial education between the U.S. Department of Labor and the Federal Deposit Insurance Corporation (FDIC) and to assure that all States and local One-Stop Career Centers fully understand the program, its benefits to them, and their option to participate.

2. **Authorities and References.**

- Balanced Budget Act of 1997 (Pub. L. 105-33) amending Title IV-A of the Social Security Act
- Welfare-to-Work (WtW) Regulations, 20 CFR Part 645, Final/Interim Final Rule published at 66 Fed. Reg. (Jan. 11, 2001), effective date: April 13, 2001
- Workforce Investment Act (WIA) of 1998 (Pub. L. 105-220)
- WIA Regulations, 20 CFR 667.220 (published at 65 Fed. Reg. (Aug. 11, 2000))

3. **Background.** The FDIC and the U.S. Department of Labor announced a joint initiative called MS on January 19, 2001. The purpose of MS is to help banks and One-Stop Career Centers deliver financial education in their communities. Both agencies recognize the importance of financial education, particularly for people with little or no experience

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obtaining services through financial institutions. The MS is a program designed to help adults outside the financial mainstream enhance their money management skills and create positive banking relationships.

The MS program is a set of 10 instructor-led modules covering basic financial topics. Instructors may be representatives from local banks and staff from a local One-Stop Center. The subject matter begins with a description of deposit and credit services offered by banks and moves progressively to topics such as: choosing and maintaining a checking account, the mechanics of budgeting, the importance of saving, and how to obtain and use credit effectively.

Each module includes a comprehensive guide for instructors and a take-home booklet containing highlights and resource material for class participants. The instructor guides have everything necessary to begin teaching the program right away - easy to follow cues and scripts, overheads, and interactive class exercises. The program is designed to consume about 60 minutes of classroom time per module. The MS curriculum is free of charge and can be ordered from the FDIC at www.fdic.gov or through a link on the WtW Internet Website at wtw.doleta.gov. The modules are easily reproduced and have no copyright restrictions.

The central vision (although many others are possible) in the development of MS was that of WIA One-Stop Career Centers nationwide having the capability to offer this service to their local communities as part of the regular repertoire of One-Stop services, and using locally developed partnerships with community banking institutions to supply members of their staff as instructors.

The MS initiative has been consciously designed to be a win-win venture with powerful benefits for everyone involved:

The Public: Financial education fosters financial stability for individuals and for entire communities. The more people know about credit and banking services, the more likely they are to increase savings, buy homes, and improve their financial health and well being. The MS curriculum helps individuals build financial knowledge, develop financial confidence, and use banking services effectively.

States: By using MS governors have the opportunity to organize a statewide campaign for financial literacy addressing the needs of thousands of individuals outside the financial mainstream and turning them into full contributors to the economic development and financial health of the state.

One-Stops: By choosing to offer the MS curriculum (as part of a statewide effort or simply as an option in their particular communities) local one-stops can develop lasting partnerships with a broad array of financial institutions and become the central community location for all citizens to visit to become fully financially literate or to brush up on specific topics.

Banks: The MS program can help banks fulfill part of their Community Reinvestment Act (CRA) obligations. The CRA of 1977 encourages federally insured banks and thrifts to help meet the credit needs of their entire community, including areas of low and moderate income. When a bank's CRA performance is reviewed, the institution's efforts to provide financial education and other retail services are a positive consideration, particularly when it comes to where public funds will be maintained. In addition, hundreds of community trainees can mean hundreds of new customers.

The ten modules that comprise the MS Training program (as a complete package or each as stand alone offerings) include:

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| 1. | Bank On It | An introduction to bank services |
| 2. | Borrowing Basics | An introduction to credit |
| 3. | Check It Out | How to choose and keep a checking account |
| 4. | Money Matters | How to keep track of your money |
| 5. | Pay Yourself First | Why you should save, save, save |
| 6. | Keep It Safe | Your rights as a consumer |
| 7. | To Your Credit | How your credit history will affect your future |
| 8. | Charge It Right | How to make a credit card work for you |
| 9. | Loan to Own | Know what you're borrowing before you buy |
| 10. | Your Own Home | What home ownership is all about |

Complete (and downloadable) information on Money Smart is available on the website listed earlier. These materials include:

- A complete description of the program
- An FDIC brochure on the program entitled "Money Smart - An Adult Education Program Building Knowledge, Security, and Confidence"
- A Department of Labor booklet designed for states and One-Stop Career Centers entitled "Teaching Dollars and Sense - Implementing Financial Education In a One-Stop Setting"
- Ordering instructions to receive the 10 module curriculum free
- Region by Region program contacts from the Department of Labor and FDIC who can provide advice and technical assistance

4. **Activities Thus Far.** The Department of Labor Regional contacts have been in touch with many states and One-Stops about the Money Smart initiative and in some cases are arranging for orientation sessions and introductions to the curriculum conducted by FDIC. Several such sessions have already taken place or are planned for the future. The role of the Department of Labor is to educate and work with the state and local workforce investment system on Money Smart in order to help assure a platform from which this valuable community resource can be offered. This may include activities such as:

- (1) Facilitating communication between the FDIC and state and local partners as well as WtW grantees;
- (2) Responding to inquiries from private or community-based organizations who are interested in the MS curriculum; and
- (3) Sharing strategies and best practices.

As part of that educational role, the National Association of Workforce Boards have agreed to provide an electronic copy of this Training and Employment Guidance Letter simultaneous with its publication, to every local workforce investment board in the country.

FDIC is contacting banks nationwide to educate them about the program, enlist their cooperation, and help them become “partnership-ready” at the local level. Many banks have already begun contacting the Department of Labor and FDIC regional staff to learn who to talk to at the state and community level. The role of FDIC is to conduct orientation sessions to the initiative, supply the curriculum and provide limited technical assistance.

5. **Action Recommended.** Participation in the MS program is, of course, optional (although strongly encouraged) for states and local communities. Information about the program, however, is necessary for an informed choice and we are aware that not all jurisdictions know about the MS option and its benefits. In addition, FDIC’s outreach to banks is resulting in calls and referrals from financial institutions to states and One-Stops who must have a working knowledge of the initiative in order to be responsive to these potential private sector partners even if those states and One-Stops choose not to participate. Note: The Employment and Training Administration feels that MS qualifies as either a core or intensive service under WIA Title I.

If you have not done so already, we recommend that states and (at the least) local One-Stop centers designate an individual to be a contact on the MS program with whom the Department of Labor and FDIC regional contacts can converse, and, most importantly, who will be able to field questions from inquiring financial institutions who are responding to FDIC’s outreach. These individuals may also help coordinate the presentation of the training modules and promote the program to all One-Stop participants. Contact names should be provided to your regional Department of Labor MS contact (identified at the website mentioned earlier).

6. **Inquiries.** Inquiries on MS should be addressed to the Department of Labor and/or FDIC regional contacts.