

FSFYC

Financial Stability for Families with Young Children



Why is it important for families with young children to be financially stable?

Family financial stability sets the stage for children's future success. High levels of stress related to economic hardship can affect young children's brain development and impact their long-term outcomes.

Research and practice have shown that family ownership of even a few thousand dollars in assets can give children not only a measure of economic security, but also a transformative sense of possibility and hope for a brighter future.

Because of their close working relationships with families, Head Start and child care providers can play an important role by connecting families to services that will enhance their economic stability. Services and resources are available in your community.

Financial instability is a large problem for families in the U.S. 41% of children are living in families with incomes too low to cover basic expenses.

(Harvard Center on Developing Child).

What partners and strategies help ensure that more families are financially stable?

Many localities have organizations that provide asset building services, which help families build a cushion for emergencies and ultimately achieve long-term financial stability. For example, organizations that administer ACF-funded Assets for Independence projects offer financial education, individual development accounts, and related supports. Individual Development Accounts (IDA) enable families to grow savings faster because every dollar they save is matched.

What types of asset building tools are available?

Financial Education

Free financial education curricula are available, including those that engage parents and children.

Getting Banked

Bank accounts enable families to reduce reliance on check-cashers and other high-cost "fringe" financial services.

Borrowing / Debt management

Families often need assistance to establish a positive credit history, repair their credit, and get out of debt.



Savings and IDAs

ACF's Assets for Independence (AFI) provides grants for matched savings accounts, which can be used to acquire lifelong assets.

Public benefits

Low-income families are eligible for federal and state benefit programs that can extend the reach of their income.

Tax credits

Low-income families can access thousands of dollars in tax credits.

Financial education is the basis of financial stability. It provides the foundation, enabling families to make sound money management and borrowing decisions, as well understand the benefits associated with accessing IDAs, tax credits, and public benefits.

What is the Early Learning Community?

- The Early Learning Community is comprised of Head Start and Child Care programs, and other programs which promote early childhood development and provide support for families with young children.
- Head Start is designed to enhance school readiness by providing educational, health, nutritional, social and other services to low-income preschool children and their families. The federal government provides Head Start grants to public agencies, private organizations, Indian Tribes, and school systems.
- Child care enables parents to work or attend training programs. Through the Child Care and Development Fund, the federal government provides funding to States, Territories, and Tribes to assist low-income families in obtaining child care.

How can the asset building and early learning communities work together?

Early Childhood

- SHARE information and materials on savings and asset building
- TRAIN staff or host events around asset building strategies
- PARTNER with asset building organizations or even become an AFI grantee or free tax preparation site

Asset Building

- TARGET outreach and outreach materials to early childhood organizations
- TRAIN early childhood community staff to provide financial education or free tax preparation
- PARTNER with early childhood to directly serve children and families

Are there examples of organizations already doing this work?

Currently there are a number of community-based organizations that foster this collaboration by connecting their Head Start or child care programs to their AFI-sponsored IDA programs and free tax preparation programs. Additionally, community organizations like the United Way offer financial education and early childhood programs, enabling cross-referrals and collaboration on programming content.

My organization wants to get involved, where do I begin?

Partnering with your local Assets for Independence grantee is a great way to learn about asset building services and strategies in your community. Combining capabilities and funding allows organizations to offer families an increased array of services and connects them to a larger network of information. By bringing the two communities together, Head Start and Child Care families can access tools and strategies that will help them save money, and ultimately build assets. For more information, please reach out to the AFI Resource Center (www.IDAresources.org).

This is one of a series of information pieces provided by the AFI Resource Center to raise awareness about asset building strategies and to develop the knowledge base about the Assets for Independence program. Questions or comments should be directed to the AFI Resource Center at 1-866-778-6037 or info@idaresources.org. To learn more about this project or the AFI program, visit the AFI Resource Center website at www.IDAresources.org