Question 1

Community Action began in 1964 with the Economic Opportunity Act, part of President Lyndon B. Johnson's War on Poverty. Community Action Agencies (CAAs) were expected to involve residents in decisions affecting their lives and to design programs informed by regularly conducted Community Needs Assessments (CNAs). The desired outcome of CAA programs is poverty reduction through the implementation of collaborative anti-poverty initiatives that foster economic security. During the six decades since, CAAs have adapted to a variety of changing socio-economic conditions while remaining focused on leveraging a variety of evidence-based strategies and theories to implement services and advocacy that help individuals and families achieve economic security. Financial capability, defined as the knowledge, skills, and access needed to manage financial resources effectively (Treskon et. al. 2021, p. 3), is a domain of critical consequence for sustained economic security. When financial capability is limited, individuals and families who have low incomes face greater barriers to achieving economic security and have less freedom to make life-enhancing choices. Against this backdrop, financial capability interventions are essential to the success of community action because they are offered on the belief that people are capable of change and that the interventions can remove barriers while promoting economic and social self-sufficiency.

First, financial capability interventions are designed and offered based on the belief that "systems and people have the potential for change" (Community Action Body of Knowledge (CABOK), p. 5). To help improve the financial lives of people with lower incomes, financial capability interventions are designed and offered based on the expectation that the people who receive such interventions can actually see improvements in this capability. Income is necessary but not sufficient for economic well-being. The absence of financial capability limits sustained well-being. The deliberate act of integrating financial capability intervention into employment or other economic security services is predicated on the potential for individuals and families to change. In a sense, "while employment provides financial resources, earners also need financial capability to manage those resources." Offering financial capability interventions necessitates a belief that people have the potential for change. It is predicated on the premise that this capability can be acquired and possibly mastered. In the absence of such belief, it would be a futile effort to offer such an intervention. Consequently, the belief that people can change—if offered the opportunity to acquire new skills—is necessary for the enterprise of financial capability intervention to be worthwhile for a CAA.

Second, financial capability interventions lead to the "empowerment of the poor for economic and social self-sufficiency" (CABOK, p. 5). Such interventions "help people develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being" (Sherraden et al. 2025, p. 2). The interventions strengthen recipients' ability to translate income into the kind of resource that leads to improved economic and financial well-being. The expanded capability also enables constructive interaction with financial institutions and instruments (Sherraden et al. 2015, p.15). Financial capability interventions are therefore an effective means of empowering the poor for sustained economic and social self-sufficiency.

Third, financial capability interventions are an effective pathway through which "community action removes obstacles, fills gaps, and confronts the causes/conditions of poverty" (CABOK, p. 5). Sherraden et al. (2025, p. 1) note that "the financial sector has reached deeper into daily life, contributing to racial and economic inequality." The absence of financial capability is therefore a cause of poverty and exacerbates the conditions of poverty for people on the short end of these structural inequities in society. Adults with low and moderate incomes already face financial instability and barriers to upward mobility that are, in part, a result of low wages and limited employment opportunities. “Limited knowledge of financial concepts and access to financial products and services can worsen these challenges” (Treskon et al., 2021). Consequently, “the task of building financial capability and assets has become a fundamental social work challenge” (Sherraden et al., 2015). Financial capability interventions are therefore useful for removing barriers and improving the chances that people who have low incomes can stay on the pathway to economic security.

In summary, financial capability interventions are absolutely essential because they are grounded in the belief that “systems and people have the potential for change,” they empower “the poor for economic and social self-sufficiency,” and they help remove obstacles to economic security while addressing the gaps that explain the causes and conditions of poverty.

Question 2

When the Community Action Program (CAP) was established with the passage of the Economic Opportunity Act of 1964 as part of President Lyndon B. Johnson's War on Poverty, its foundational principles included the goal of reducing poverty by involving local communities in creating and implementing anti-poverty initiatives that foster economic security. Given this focus, financial capability interventions offered via direct services, advocacy and policy, or community-level work by Community Action Agencies (CAAs) advance CAP goals by fostering sustained economic security. By tackling this critical domain of consequence to economic security on both the direct services front and the systems-change front, CAAs advance individual/family outcomes as well as community-level outcomes.

Financial capability intervention can be incorporated into CAA individual/family-level work through a community-based Financial Empowerment Center (FEC) offering a portfolio of services including a financial terms and instruments orientation, personal financial management skills training, financial coaching, financial counseling, budget development assistance, credit management/repair/counseling, first-time homebuyer orientation, homebuyer counseling, and foreclosure-prevention counseling (Treskon et. al 2021; Sherraden et. al 2015/2025; Grist et. al 2023; LISC). To maximize impact, services would be offered both on-site and off-site. Through a place-based after-school program at the local middle school and local high school, age-appropriate financial management skills would be taught to the next generation. Off-site services would also be offered at the sites of employers who welcome engagement with their staff – at work. Through on-site services offered at the FEC as well, staff would offer full-scale financial capability interventions to income-eligible adults invited through community outreach and outreach conducted at employer sites. Walk-in customers would also be offered FEC services following a comprehensive assessment of their needs and a determination of the financial capability services that best fits their needs. Beyond that, through a strategic partnership with the local credit union, small-business start-up counseling coupled with matched business savings accounts could be offered to income-eligible adults interested in starting their own businesses. Those who complete the counseling would also be offered referrals for business loans. Such referrals would be accompanied by an FEC awarded certificate indicating that all of the FEC's requirements regarding small-business counseling, along with a vetted business plan, have been satisfied.

The CAA could also advance financial capability intervention through community-level, systems-change work by establishing a public policy office staffed by a privately funded policy analyst/officer and a community organizer. The scope of their work could include advocating for local legislation (Grist et al. 2023; LISC) that provides matching funds to individuals and families whose incomes do not exceed 200% of the federal poverty level—adjusted for family size—and who are successful at maintaining a savings account balance of $100 or more monthly at the local credit union. The policy would be coupled with matching funds appropriated for the purpose of matching newly saved funds, and paid monthly on a one-to-one basis, but capped at $5,000 cumulatively in a 36-month period. The goal of enforcing this limit would be to ensure that the matching funds available benefit as many different families in the community as possible and facilitates the sort of community-wide behavioral change that fosters community-wide increased asset-building. The policy analyst/officer would be responsible for circulating draft versions of the policy among local legislators, making the edits they request, and resubmitting drafts back to legislators for policy action. The goal of this exercise would be to secure legislative sponsors and supporters for the policy. The community organizer, on the other hand, would be responsible for organizing residents to express their support for the policy through phone calls and office visits to their legislators/representatives. The community organizer would also identify and prepare residents to attend public hearings and coach them to deliver written and oral testimony in support of the initiative. Additionally, the community organizer would assist residents in drafting and revising their written testimonies. The organizer would also plan and execute highly visible rallies and arrange media coverage online, on radio, on television, and in print, as well as through other emerging forms of media, including social media.

Through this sort of individual/family-level work and community-level, systems-change work, the CAA would advance CAP's desired outcome of poverty reduction. It would advance this outcome by effectively pairing direct services for individuals and families with advocacy, policy, and community-level work that addresses structural barriers limiting financial opportunity for low-income residents. CAA financial capability intervention beneficiaries would improve their immediate financial well-being while sustaining that level of well-being via the asset-building acumen acquired and opportunities afforded them.