To: W-2 Agency Directors
From: Bettie A. Rodgers /s/
Division Administrator

PURPOSE

This memo is intended to encourage Wisconsin Works (W-2) agencies to support participation in the Electronic Funds Transfer (EFT) benefit payment program, and the Get Checking Program offering individual training for financial responsibility. This memo provides:

1. Instructions for promoting EFT with W-2 participants.
2. Information on the Get Checking Program and how W-2 participants can benefit from enrolling and taking this course.

BACKGROUND

The Department currently issues W-2 cash benefits to W-2 participants via paper checks except for those participants who choose electronic funds transfer (EFT).

In order to receive W-2 benefits through EFT, a W-2 participant must have an individual checking or savings account in a bank, credit union, or savings and loan association. For W-2 participants who do not have a checking or savings account, Get Checking is an educational program designed to help consumers achieve this type of relationship with an established financial institution.

Having a relationship with a financial institution can result in increased financial independence, a stable checking/savings account, and a positive credit history. This may, in turn, help workers to maintain employment and better equip them to manage financial emergencies.
Through EFT, W-2 participants can avoid the alternative high cost financial services, such as check cashing stores. These check cashing stores charge fees for services that far exceed the service costs at reputable financial institutions, consuming valuable, limited funds.

**ELECTRONIC FUNDS TRANSFER (EFT)**

EFT has been available to cash recipients of AFDC, and now W-2, for over 13 years. It is the most convenient payment method the State of Wisconsin has to offer. However, the number of participants who utilize EFT has remained low.

The Department's goal is for all W-2 cash benefit recipients to receive their benefits through EFT. Through the support of this initiative, W-2 agencies can bring their customers to these financial resources and further address financial success and self-sufficiency.

Advantages of EFT:

- Agency staff will deal less often with phone calls, documentation, completion and mailing of affidavit forms associated with lost, stolen, or destroyed checks.
- While checks can be lost, stolen, or destroyed, EFT payments are much safer and more timely. Currently, 40 to 50 checks are reported lost or stolen each month.
- EFT is safe. EFT payments to clients have never been delayed.
- The failure of EFT is minimal.
- Participants can feel confident that their EFT payments are secure in their bank account on the day expected - even if they are out of town.
- EFT payments are deposited to the W-2 participant's account one day prior to the date of W-2 checks.

Disadvantages/problems with paper checks:

- Approximately 25% of checks are cashed via “alternative financial services” at significant cost to the W-2 participant (approximately $20 per check and 10% at grocery stores, taverns, etc.). The use of “alternative financial services” undermines efforts to help low income working families accumulate assets and move out of poverty.

Connecting job seekers with financial institutions is consistent with the W-2 goals of personal responsibility and self-sufficiency. Any banking or ATM fees that may be incurred by clients for bank accounts are less than check cashing/money order fees they currently pay. Nationally, 15% of all households do not have a banking relationship; 50% of African-American households and 30% of Hispanic households do not have a bank account. A recent US Bank study showed that 70% of Milwaukee residents are without a bank account.

How can your agency promote membership and use of EFT? DWD has a brochure available for agencies to distribute to potential participants. A sample brochure is attached for your review. To order the brochure, "Direct Deposit" (PES-844), contact Barbara Albrecht at 608.267.3240 or by email at barbara.albrecht@dwd.state.wi.us.
GET CHECKING

Get Checking is an educational program designed to help consumers without a primary banking relationship gain access to basic financial services, including management of a deposit account. This includes individuals that may have had problems managing their accounts in the past, or consumers who simply never opened a deposit account.

The Get Checking program offers checking and savings account options, or a combination of both. The financial institution will assist participants in determining which option is best for them.

The program includes 6 hours of in-class instruction, exercises, and skill development training specific to checking and saving account management. Individuals learn basic banking skills and financial principles, money management, and financial planning goals.

If a participant has a poor credit history, the financial institution may be able to refer them to other programs that may assist them in resolving credit problems or past debt. The Get Checking providers have programs that can help with money management, credit, and debt.

Class training is $35 for an individual and $50 per couple. The Get Checking training is an allowable W-2 activity and falls within the scope of Parenting and Life Skills training.

Upon completion of the training, a certificate is provided and is the required documentation to enroll in the Get Checking program with participating financial institutions.

Attached is the Get Checking brochure and a list of financial institutions ready to enroll W-2 participants who have successfully completed the course.

RESOURCES

The sites listed below offer information on courses available, publications, and training locations.

UW Extension Family Living Agents http://www1.uwex.edu/topics/Finances.cfm
Consumer Credit Counseling Service 414-482-8801
Department of Financial Institutions http://www.wdfi.org

REGIONAL OFFICE CONTACT: Area Administrators

ATTACHMENTS

Direct Deposit Brochure
Get Checking Program Agencies
Get Checking Brochure