An Evaluation of Financial Empowerment Centers

Building People's Financial Stability as a Public Service

Partnerships and Integration

Cities for FINANCIAL EMPOWERMENT Fund

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INTRODUCTION

The Financial Empowerment Center (FEC) initiative provides free, one-on-one financial counseling as a municipal service to all residents. The FEC initiative was first developed in New York City under the administration of Mayor Michael R. Bloomberg; the Cities for Financial Empowerment Fund (CFE Fund), with generous support from Bloomberg Philanthropies, partnered with five cities—Denver, Lansing, Nashville, Philadelphia, and San Antonio—to see whether and how this model might be successfully replicated in different municipal contexts.

The model is based on four core tenets. First, people in financial trouble need individualized help, not just education. Second, they should receive high-quality services from a professional, trained counselor. Third, financial counseling works well as a public service: city government is a trusted voice amidst scams and complicated financial choices, a natural convener of partners, and can market services at scale. Finally, financial counseling fits naturally with other social services, from exchanging referrals to being fully integrated into service delivery streams.

Developing partnerships and integrating counseling into other social services were vital components of replicating the FEC model, as partnerships both facilitate the counseling delivery and ensure a flow of financial counseling clients referred through a diverse range of municipal and community partnerships.

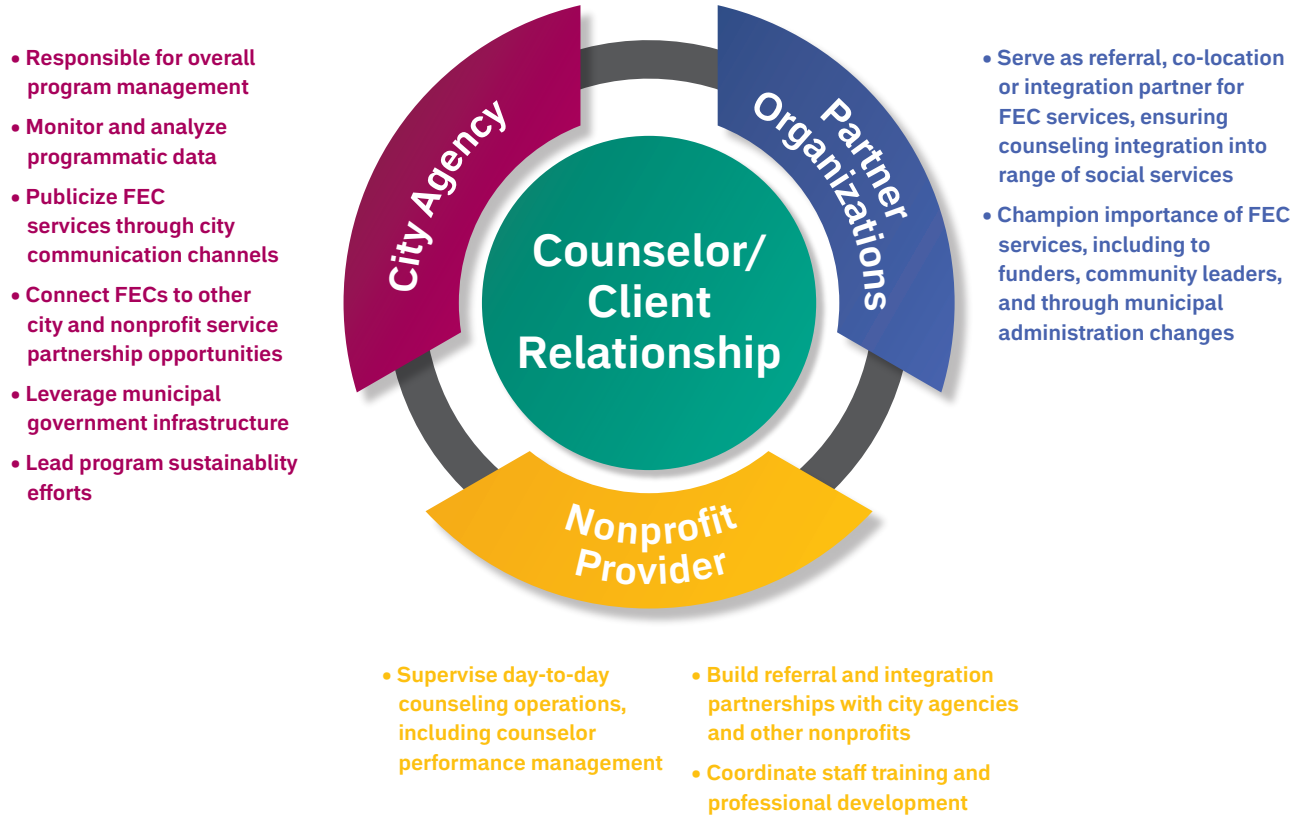
This brief, which details how the FEC model's partnership and integration process worked in the five replication cities, is excerpted from the CFE Fund's full report, *An Evaluation of Financial Empowerment Centers: Building People's Financial Stability As a Public Service*.

In each of the five FEC replication cities, city government leadership and a primary nonprofit partner (or partners) collaboratively administered the FEC. Their roles are outlined below.

City Management • Prominent city agencies within or proximal to the mayor's office were responsible for the overall management of the FEC initiative. Management stressed that this placement helped enhance the initiative's visibility, ensured integration of FEC services into the local array of social services, and assisted with fundraising efforts based on the strength of the public-private partnership model. In addition, city management monitored and analyzed programmatic data and reported to city leadership to further demonstrate program impact.

Nonprofit Providers • All five cities partnered with nonprofit organizations with high visibility, strong reputations, and prior experience working with the populations facing financial instability. The nonprofit providers varied in their management structures, but in general they allowed FEC counselors to work relatively autonomously with clients. Nonprofit FEC managers performed more administrative and supervisory functions, including counselor

Key Partner Roles: City Government, Nonprofits, and Community Stakeholders



performance management and regular check-ins, site visits, and partnership building. Management also coordinated staff training and supported counselors' efforts to obtain ongoing profes¬sional development. The management roles for both the city and the nonprofit provider were typically filled with existing staff who transitioned into the FEC.

Community Partners • Each city aimed to develop partnerships that stretched beyond simple referrals, to the point that the FEC was an integral component of services offered by the partner organizations, seen as a regular step of service delivery and a vital in-house resource for the host partner. The city FEC managers took primary responsibility for developing and nurturing these partnerships, working closely with their nonprofit provider partners, who had been selected in part because of their strong networks and reputations. The cities viewed partnerships as critical to client recruitment, service provision, and continuous development of FEC services.

Partnerships included those with multi-service organizations, housing organizations that dealt with both rental assistance and homeless support, workforce or employment organizations, mental health organizations, and legal services, as some examples.

PARTNERSHIP PLANNING

Establishing Partnerships • Cities and their nonprofit providers generally worked collaboratively to identify referral and integration partners whose services aligned well with the FECs outcomes. Cities initially leveraged preexisting partnerships among city departments and nonprofits as a foundation for their integration and referral network. Then, cities identified new partners who could house FEC counselors or refer clients to the FEC. FEC managers

attended outreach events to meet organizations that worked with financially insecure populations in order to publicize the benefits of FEC services to these populations. FEC managers initially cast a wide net when establishing partnerships, but eventually moved to a more strategic approach, where the organization's overarching goals could clearly be enhanced by FEC services.

- A municipal or nonprofit agency was most likely to become a strong FEC partner if it had;
- A specific organizational goal for the partnership;
- Organization-wide buy-in for, and awareness of, the FEC partnership;
- Line staff who were able to explain how financial counseling fit into the other services their clients were receiving and promote the service to clients; and
- Managers who were able to identify for their FEC counterparts how FEC outcomes would contribute to their own program outcomes.

DEVELOPING PARTNERSHIPS INTO PROGRAMMATIC INTEGRATIONS

Stage 1: Referral Only • Partnerships at this stage generally relied on limited partner staff knowledge of FEC services or printed FEC recruitment and outreach materials. Referral-only partners sometimes utilized recruitment incentives to drive traffic to the FEC, but the success and meaningfulness of these outgoing referrals without tailored information for clients was limited. In these partnerships, staff make referrals to FEC counselors, but do not confirm attendance or receive updates on participant progress at the FEC.

Stage 2: Co-location • Partnerships at this stage were more likely to employ recruitment and retention strategies to drive traffic to and sustain engagement with FEC counselors located on-site. Co-location partnerships served to increase accessibility for geographically isolated populations and were especially prevalent among employment-oriented partners. Several cities used a pop-up strategy, temporarily opening a site at a new location to test potential co-location sites for a short time, and then using data analysis to determine whether the organization and/or location was suitable for a long-term investment.

Stage 3: Programmatic integration • Partnerships at this stage were most likely to use a number of the strategies described above to address recruitment, retention, and service delivery. Cities recognized the value of strong integration partnerships in terms of regular referral flow; counselors' ability to consistently add value to existing services offered; probability of retention; and counselor and partner organizations' ability to craft coordinated service plans to help clients work toward their programmatic and financial goals.

At the strongest programmatic integrations, processes were either so streamlined or so distinct that a person's experience with the FEC counselor did not duplicate their experience with partner organization staff. Many of the strongest programmatic integrations involved organizations with case managers or de facto case management staff.

Once cities established their partner network, they worked with partner organizations to develop procedures to increase the degree of programmatic integration. They used a variety of strategies to develop partnerships into integrations, including formal MOUs, coordinated case management, and a variety of approaches to client engagement.

Over time, FEC leadership generally found that partnerships in which financial counseling was well-aligned with the partner's core goals led to successful client recruitment and retention. When cities worked with partner organizations to situate FEC referrals within the continuum of services offered (e.g., business classes, homeownership classes, or work-

force case management), they believed they saw better client retention and stronger client outcomes, both in terms of the FEC's financial outcomes and the partner agency's service outcomes.

THE SUPERVITAMIN EFFECT

The CFE Fund and its city partners have seen the impact of directly addressing the underlying financial instability of people receiving public or publicly funded services: this "Supervitamin Effect" refers to the improved social service outcomes and more effective public service delivery that may be achieved when people's financial instability improves as a result of integrating financial counseling and other financial empowerment efforts into host programs. A stable financial foundation is a fundamental step to fighting poverty, allowing individuals and families to more fully benefit from programs designed to help with workforce development, reentry, domestic violence assistance, and other social service needs. This stable financial foundation helps residents withstand financial shocks and setbacks and take full advantage of "host" service gains, while streamlining and reducing costs for these services. Financial empowerment services not only could bolster the efficiency and effectiveness of municipal services but also could create more resilient communities.

Partner organization staff in all five cities touted the FECs' ability to augment existing services and improve their clients' outcomes through integrations. Among the benefits cited, they said that the FECs:

- added capacity for partner organization staff to focus on core programming by reducing staff time spent trying to provide financial counseling for which they had little training or capacity;
- provided a new, complementary service for organizations that had not been providing financial empowerment elements at all;
- increased client uptake of services necessary to achieve their goals because FEC counselors were perceived to be credible experts; and
- helped clients achieve the partner organization's goals.

For example, an entrepreneurship program in Philadelphia said it was able to move more clients through the loan pipeline and move them more efficiently because the FEC helped clients improve or establish credit scores. In Lansing, FEC services were integrated into housing services for people on parole to help them successfully move out of supportive housing; after a two year pilot, their rate of stay in supportive housing decreased from an average of 117 days to an average of 92 days. In addition, among parolees who received counseling, 37% established a monthly savings pattern, 33% opened bank accounts, and 15% increased their credit scores.

Based on the promising results of Supervitamin efforts like these, and on the interest among programs in understanding the impact of integrating financial counseling into anti-poverty social services, the CFE Fund and its partners see much promise in further exploration of Supervitamin integrations.

LEARN MORE

Information in this brief is excerpted from the CFE Fund's *An Evaluation of Financial Empowerment Centers: Building People's Financial Stability As a Public Service*. Read the full evaluation to learn more about other related topics, including more detail on the FEC model, and details on financial counseling outcomes and how they support financial stability.

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