

## *Request for Proposals:*

# Understanding Client Retention

## at Municipal Financial Empowerment Centers

---

### Summary

The Cities for Financial Empowerment Fund (CFE Fund) seeks an experienced consultant (“Consultant”) to design and conduct qualitative research with people who did not attend recommended financial counseling sessions at municipal Financial Empowerment Centers (FECs). The objective is to learn the reasons people do not return for follow-up sessions and identify potential strategies to improve repeat attendance. This learning will inform the CFE Fund’s development of resources to help FECs increase the percentage of clients who return for follow-up sessions, and increase the number of sessions they return for, because each additional session increases the likelihood of achieving client outcomes.

### Important Dates

- Solicitation released: July 2, 2018
- Responses due: July 27, 2018 by 5:00 pm Eastern  
*All proposals must be submitted through the CFE Fund’s [online portal](#).*
- Estimated project start: August 13, 2018
- Final report: December 14, 2018

For any questions about this RFP, contact Nicky Grist at 646-362-1639 or [ngrist@cfefund.org](mailto:ngrist@cfefund.org). *Note that proposals cannot be accepted via email.*

### Background

The Cities for Financial Empowerment Fund’s (CFE Fund’s) mission is to leverage municipal engagement to improve the financial stability of low and moderate-income households by embedding financial empowerment strategies into local government infrastructure. The CFE Fund works with mayoral administrations and those interested in supporting them to implement innovative programs and policies. (Learn more about [the CFE Fund](#).)

Over the past decade, local governments have embraced financial capability and asset-building strategies in response to the overwhelming effects of financial instability in the lives of city residents and on the economic resilience of communities. Increasingly, local governments are turning to one-on-one financial counseling as an effective public service strategy to support financially vulnerable residents. The CFE Fund’s Financial Empowerment Center (FEC) model has operated for ten years in six cities, working with more than 82,000 clients, helping them reduce debt by more than \$100 million, and increasing savings by \$10 million. The CFE Fund now works with dozens of local governments to replicate the FEC model, with the goal that free, one-on-one professional financial counseling becomes a standard public service.

See Attachment A for a brief summary of the FEC model, and see [\*An Evaluation of Financial Empowerment Centers: Building People's Financial Stability as a Public Service\*](#) for rich details on the model and its results.

## Understanding Client Retention

The CFE Fund is seeking a Consultant to design and conduct research that will explore the reasons people do not return for recommended follow-up counseling session(s) at Financial Empowerment Centers and to help identify potential solutions for improvement.

### Goals

The CFE Fund's goals are to increase the percentage of clients who return for follow-up sessions, and increase the number of sessions they return for, because each additional session increases the likelihood of achieving client outcomes. The 2017 evaluation of the first five FEC replications found that 56% of clients returned for at least a second session. Only multi-session clients can achieve outcomes, and for multi-session clients, each additional counseling session increased the likelihood of achieving outcomes by 16% - 25% (and by as much as 71% for unbanked clients seeking to open accounts).

The CFE Fund is especially interested in increasing the retention of people who start counseling without a bank account, a credit score, or both, because the data show that these clients were significantly less likely to return for follow-up sessions than clients who were banked and/or scored at intake. In preparation for this research, the CFE is analyzing over 27,000 clients who attended over 80,000 sessions between March 2013 – September 2016, with the intent to develop a few demographic and financial profiles that may inform the selection of research participants.

In conjunction with this research, the CFE Fund is independently exploring how FEC managers, counselors, and partner agencies understand and approach client retention, and learning from client engagement and retention models in other fields. The CFE Fund will use the findings from the solicited research in combination with other learnings to design resources that FECs in dozens of cities across the U.S. may use to increase client retention in the future.

### Research Questions and Approach

The Consultant will collaborate with the CFE Fund to refine the research questions and approach. The CFE Fund's preliminary interests are:

- How are a typical person's expectations met at each interaction before, during and after a first FEC counseling session and a follow-up session?
- Which interactions or processes are especially relevant to, supportive of, or detrimental to a person's likelihood of attending follow-up sessions?
- What are the most common reasons that single-session clients chose to attend their FEC counseling sessions?<sup>1</sup>
- What are the most common reasons that they did not attend a second session?

---

<sup>1</sup> For purposes of this research, the CFE Fund is defining single-session clients as those who attended only one session that occurred more than 180 days in the past.

- What are the most common reasons that multi-session clients who haven't achieved an outcome ("drop-out" clients) attended their first sessions?<sup>2</sup>
- What are the most common reasons that they did not attend follow-up sessions?

While these questions may seem straightforward, the CFE Fund seeks a nuanced exploration that is well-grounded in research and theory (such as behavioral economics, adult education retention and persistence, social psychology, theory of planned behavior, voice of the customer, customer journey mapping, co-creation of value, etc.). For example, we seek to understand whether people felt they needed and/or wanted FEC services, and the roles of various internal and external factors in their decision or ability to attend follow-up sessions. These factors might include personal motivation, interpersonal interactions, social expectations, structural supports and barriers, etc. Since many FEC clients are referred to counseling through community partnerships, factors pertaining to the partnerships may also be appropriate for exploration.

The Consultant should recommend qualitative research methods (such as observation, focus groups, structured or semi-structured interviews, participatory exercises, open-ended surveys, etc.) as well as sampling and recruitment methods that address specific sub-populations (such as unbanked, unscored, single-session, two-session etc.) and a target number of respondents.

The CFE Fund intends to select, with advice from the selected Consultant, at least two cities (and one or more FEC locations within those cities) with an eye towards not only the efficient recruitment of respondents but also sufficient diversity of respondents to support the development of resources that could be appropriate for diverse cities.

### Deliverables and Desired Timeline

- Approved research plan and selection of cities by August 24<sup>th</sup>
- Client experience pathways by October 5<sup>th</sup>
- Preliminary report by November 9<sup>th</sup>
- Final report by December 14<sup>th</sup>

### Proposal Guidelines

Interested parties should submit a brief proposal through the CFE Fund's [online portal](#). Proposals should address the research questions, the proposed scope of work, project cost and timeline, and relevant experience. The CFE Fund will evaluate proposals primarily on their thoughtfulness regarding the research questions and scope of work, their total costs, and their responsiveness to the following items:

- Describe your general approach to this project, and its theoretical and evidence-based underpinnings.
- Describe specific methods for qualitative research, sampling and recruitment that you would likely recommend for this project. Explain what factors would guide your recommendation of particular methods for this project. (If selected, the Consultant may refine and change these

---

<sup>2</sup> For purposes of this research, the CFE Fund is defining drop-out clients as those who attended more than one session with the last session more than 80 days in the past and no recorded outcomes.

recommendations, and the final recommendations will be subject to negotiation and approval by the CFE Fund.)

- Describe specific methods for learning and presenting the client experience pathway.
- Estimate the number of respondents who would participate in this project, and the number of people who would need to be contacted in order to achieve this number of responses.
- Highlight challenges you see in the project scope and timeline, and ways to address them. Proposals that demonstrate a persuasive ability to meet the desired timeline will be strongly considered.
- Estimate the total cost of the project, ensuring that the proposal budget is sufficient to cover all of the proposed work and considering the following factors:
  - research will be undertaken in two of the following cities (to be selected by the CFE Fund with the Consultant's advice): Denver, Lansing, Nashville, New York City, Philadelphia, San Antonio.
  - research will involve at least 25 - 35 unbanked and other clients
  - Explain how the major cost components are calculated.
- Include the name and full contact information of your company and, if applicable, any other entity comprising your team. Please attach credentials of key individuals involved in the proposal. If the Consultant plans to hire additional personnel, please explain the plan for recruitment, training and quality assurance.
- List at least three clients for whom you or your team members have completed similar work: For each reference, include client name and contact information, program name (or general descriptions if confidential), time frame of your participation, your responsibilities, and the deliverables that you provided. Please specify whether the project was undertaken by the applicant firm or by an individual currently engaged by the firm (both may be included).
- Include basic information and history about your business that you feel is important for the CFE Fund to know.
- Share any additional information that may make your company uniquely qualified for this consulting relationship with the CFE Fund.

## Attachment A: Financial Empowerment Center Model

In 2008, New York City under Mayor Michael R. Bloomberg first piloted Financial Empowerment Centers to offer professional, one-on-one financial counseling targeted to New Yorkers with low incomes as a free public service, helping residents navigate the increasingly complex financial marketplace and increase their financial stability. Since then, and through replication supported by Bloomberg Philanthropies and the Cities for Financial Empowerment Fund (CFE Fund) in five other cities, Financial Empowerment Centers (FECs) have grown into a large-scale network of targeted financial counseling and coaching services. Embedded into local government social service delivery systems, the CFE Fund's FEC model in the six cities has provided financial counseling to more than 70,000 clients.

Local governments are uniquely poised to integrate financial empowerment interventions, such as financial counseling and coaching, into core social service delivery systems: they are responsible for local implementation of services, and can connect to residents through schools, benefits disbursement, affordable housing, and other key touchpoints. In addition, because underlying financial instability is often the primary backdrop, if not the actual presenting cause, for residents seeking and receiving social services, the FEC experience both helps generate better financial outcomes and also leads to enhanced success within primary social services (the "Supervitamin Effect").

As quantified in a [recent evaluation](#) of the FEC model, despite significant financial obstacles, people who received FEC counseling succeeded in reducing debt, improving credit, opening bank accounts, and even saving for emergencies and for their futures. FEC counselors helped clients reduce debt by more than \$83 million and increase their savings by \$9 million, significant success that occurred in the context of deep financial challenges. In fact, FEC clients' average annual incomes were just over \$21,000; close to 30% had no health insurance; and over 60% had no savings.

Key elements of the FEC model and operations include:

### **Model:**

- One-on-one financial counseling from trained professionals
- Offered by local government, often as delivered through nonprofit organization partners, as a free public service
- Data systematically tracked, including defined client outcomes
- Counseling connected to a range of local government and nonprofit service delivery systems
- Prioritizes sustainability efforts to become a sustained, publicly-funded service

### **Operations:**

- Program implementation and management is led and overseen by the local government
- Service provision is conducted by one or more qualified nonprofit partners or local government agencies
- Counselors conduct financial triage with clients to determine the nature of their financial situation, set goals, and establish a specific plan of action with each client focused in four primary areas: banking, savings, debt, and credit
- Client retention, critical to outcome achievement, is prioritized
- All counselors must take and pass a CFE Fund-approved training (based on CFE Fund standards)

### **The Financial Counseling Session**

As defined for the FEC model, one-on-one financial counseling and coaching represents a mix of goal setting and light case management in a direct service provision role, as well as deep technical knowledge of financial issues and the ability to advise people on their financial and personal goals in the areas of banking, savings, debt, and credit. One-on-one counseling, either in person or remotely, is conducted and tracked with the goal of clients achieving meaningful, defined financial outcomes.

The initial counseling session consists of a comprehensive financial health assessment, where counselors conduct triage to determine the full nature of the client's financial situation, support the client in setting goals, and establish a specific client-led action plan to manage their finances, pay down debt, increase savings, establish and build credit, and access safe and affordable mainstream banking products. Retention, or returning for more than one session, is critical; clients are more likely to achieve outcomes if they participate in multiple counseling sessions. Throughout the process, counselors advise clients, and track progress towards outcomes aimed at enhancing financial stability.

### **Partnership Structure**

The FEC model is a partnership between local government and community based organizations, with critical and distinct roles for each partner.

**Local Government (city or county)** plays a central role of directing and coordinating the initiative on the ground. The local government partner ensures quality and consistency of service delivery by establishing protocols for monitoring and evaluation, using public channels for marketing and promotion of services, and supporting integration of service delivery within other public programs and local government access points.

**Nonprofit Providers** recruit, hire and supervise the FEC counselors. They are responsible for all data collection and regular reporting to the local government and the CFE Fund. They support public marketing efforts by participating in outreach events and presentations. In addition, nonprofit providers establish and maintain relationships with other community partners hosting counselors, referral partners, and other outreach and community efforts. This provider role can also be fulfilled by a local government agency.

**Local and National Counselor Training Partners** deliver financial counseling training instruction based on the training standards provided by the CFE Fund, focusing on financial content, counseling and coaching skills, and cultural awareness. Partners can deliver this training in a variety of formats, including at a local college, through self-paced webinars, and/or with program managers or national training providers teaching the curriculum. Prior to working with their own clients, counselors must pass an exam that evaluates their command of training material and succeed at a period of mentored, experiential training (such as role-playing, shadowing, and observation). In addition, local government and nonprofit managers coordinate continuing education opportunities as the program evolves in order to further counselors' professional development and understanding of new issues facing those with low incomes.

**Programmatic Partners** are crucial to integrating the FEC services into the service streams of local government and nonprofit agencies, especially those serving people with low and moderate incomes. At their best, these partnerships deeply embed financial counseling and coaching into local government and nonprofit programs and advance those programs' goals. Potential complementary

program linkages could include homeownership assistance, homeless prevention, foreclosure prevention, workforce development, asset building, financial access, domestic violence prevention, or other social services.

***Philanthropic Partners*** play a key role in both the launch of the FEC and subsequent enhancement opportunities. At the start of the implementation phase, localities secure funding from local and/or national funders to partially match the CFE Fund's investment to launch the FEC. Funder engagement in the FEC stems from a range of interests, including geographic footprints, programmatic priorities, innovation opportunities, and issue-based giving. Once the FEC has launched, funders offer opportunities to enhance the model with targeted pilots, while also providing support to complement the public funding.

### **Data Collection and Reporting**

Data collection and reporting are essential to the success of the FEC model, used to improve service delivery, track required outcomes, and further budgetary and political sustainability efforts. FEC initiative partners will be required to participate in all national data collection, tracking, and evaluation activities throughout the grant period. Partners have access to all local data collected and are able to create customized reports.

### **Learning Community**

The CFE Fund operates a national learning community of local government partners engaged in FEC development and implementation, as well as an Affiliate Network who also provide government-connected free financial counseling. Partners will have access to, and be expected to participate in, various learning community opportunities, both remotely and in person.