

Building People's Financial Stability as a Public Service

Key Findings from an Evaluation of Financial Empowerment Centers



**Financial
Empowerment
Center**

FEC Theory of Change



Financial Empowerment Center Model

- Free, 1-1 financial counseling as a municipal public service.
- Piloted in NYC under Mayor Michael Bloomberg (2008).
The CFE Fund and Bloomberg Philanthropies replicated the model in Denver, Lansing, Nashville, Philadelphia, and San Antonio (2013).
- Professionally trained counselors support their clients in navigating complex financial challenges and choices.
Counseling offered as a free stand-alone public service, and via integration into nonprofit and public social services.

Evaluation Methodology

Quantitative

- 22,000 clients
- 57,000 sessions
- 7,700 creditor records
- Data cleaning & transformation
- Cross tabs and descriptive statistics
- Odds ratios



Qualitative

- Document review
- On-site interviews with managers, partners, counselors
- Client focus groups
- Short peer interviews and in-depth phone interviews with counselors



Evaluation covers 5 cities, March 2013 – September 2015

Key Evaluation Topics

The FEC Model

The Clients and What they Achieve

Impact on Organizations and Cities

Key Lessons and Takeaways

Key Evaluation Findings

- Strong and varied partnerships
- Professional counselors with empathy + expertise
- Deep financial challenges
- Real financial gains
- Intriguing odds of success
- Related personal and programmatic gains
- Sustainable and systemic change

Finding: Strong, Varied Partnerships



- City agency and mayoral support
- Nonprofit provider
- Managerial partnerships

Community Partnership Types

Referral

- Limited staff knowledge, printed outreach materials
- No feedback loop on client progress

Co-location

- On-site, but seen as an add-on
- Little communication about client progress
- Important for geographic accessibility

Programmatic Integration

- A priority in the theory of change

Features of Strong Integration Partnerships

- Partners provide case management or long-term services, and people receive services at same location on regular basis.
- Financial counseling fit into partner's service delivery flow, with non-duplicative, specialized intake process.
- Counselor and partner staff craft coordinated service plans.
- Specific organizational goal for the FEC partnership, with awareness of how FEC outcomes contribute to program outcomes.
- Organization-wide buy-in for, and awareness of, the partnership.

Finding: Professional FEC Counselors Had Empathy + Expertise



Counselor Hiring

- Aptitude for working with low-income populations > financial services backgrounds
- Most cite prior work experience as source of technical expertise
- Individual vs. cohort approach



Counselor Training

- Unique, standardized, university-level 45 hour curriculum
- Ongoing professional development
 - Financial: student loans, foreclosure, taxes, changing regulations, child support, asset limits,
 - Interpersonal: motivational interviewing, poverty insights
 - Social Service networking

Counselors' Financial Expertise + Training

- Knowledge about **credit reports, credit scores, debt**
- Skill in explaining **credit and debt** to their clients
- Knowledge and skill around **budgeting**
- Knowledge and skill around **banking**
- Diagnostic and **goal-setting** skills
- Skill in **delivering** the financial content of the counseling session

Counselors' Interpersonal Skills

- Building **relationships**
- Establishing **rapport**
- **Listening**
- Creating **safe** spaces
- **Character** traits?
 - Empathetic
 - Non-judgmental



Counseling Quality Supported Outcome Achievement

- Trust
- Safety
- Confidentiality
- Continuity
- Encouragement

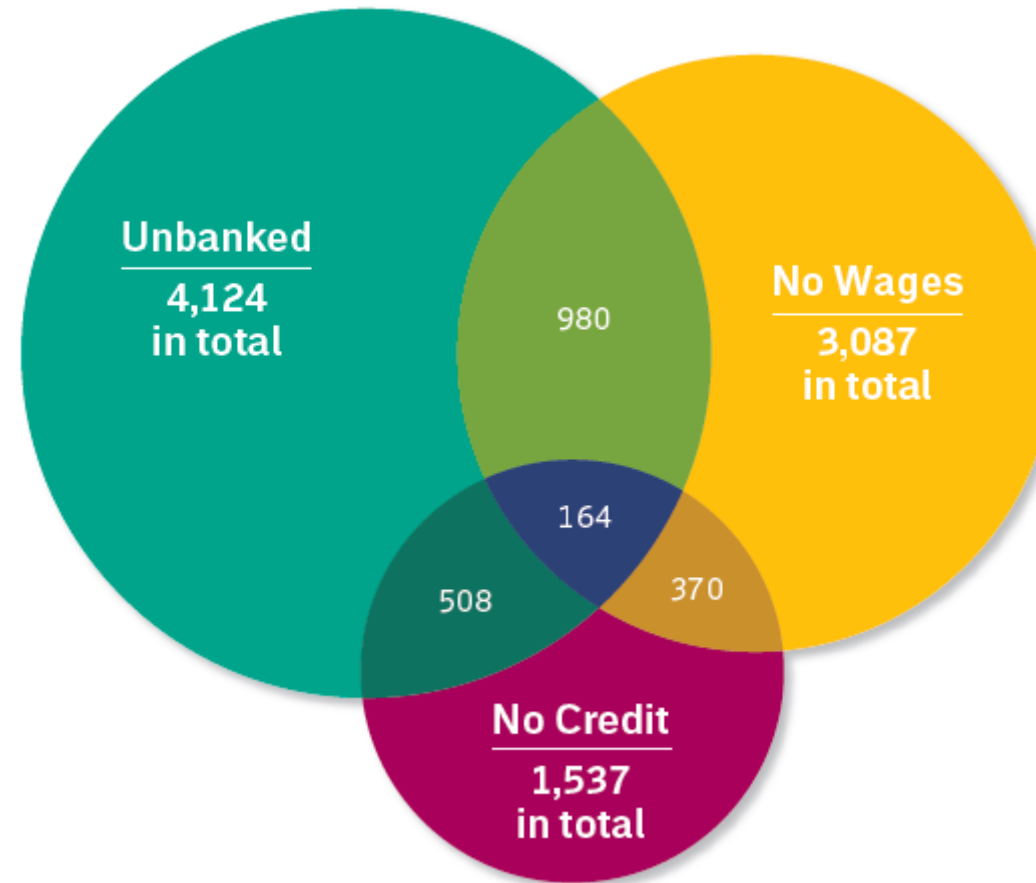
“When you’re in a situation like ours, you’re not thinking about your credit. [My counselor] helps you step back. Let’s get this part of your life cleaned up. If you want to live in a decent place, you have to have good credit.”

— Focus Group Participant

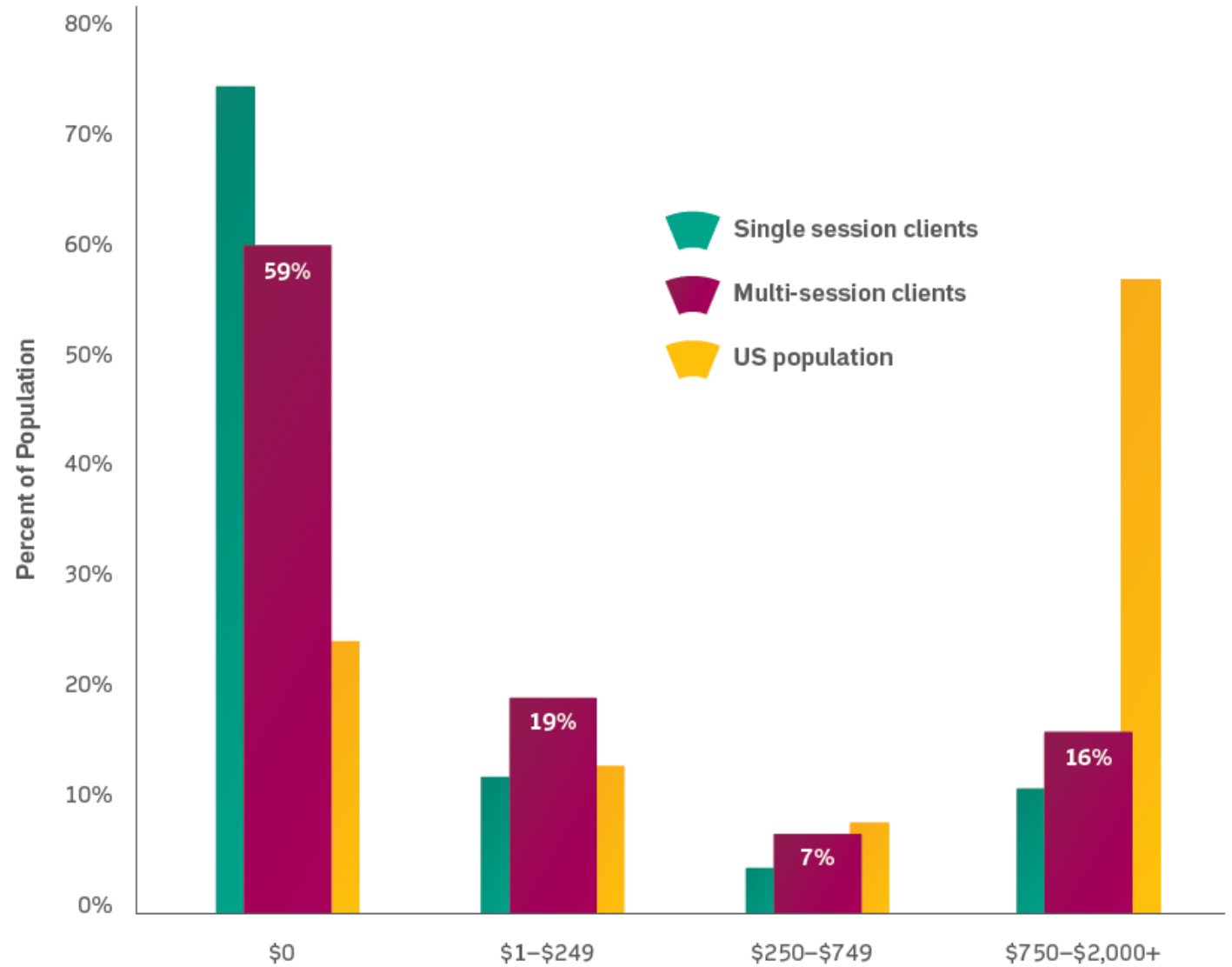
General Demographics

- **Over 20,500 clients in 5 cities**
- 70.6% were women
- Half were between ages 26 and 45
- Nearly 11% had not finished high school, while 46% had some level of post-secondary education
- 62% had dependent children

Finding: Deep Financial Challenges

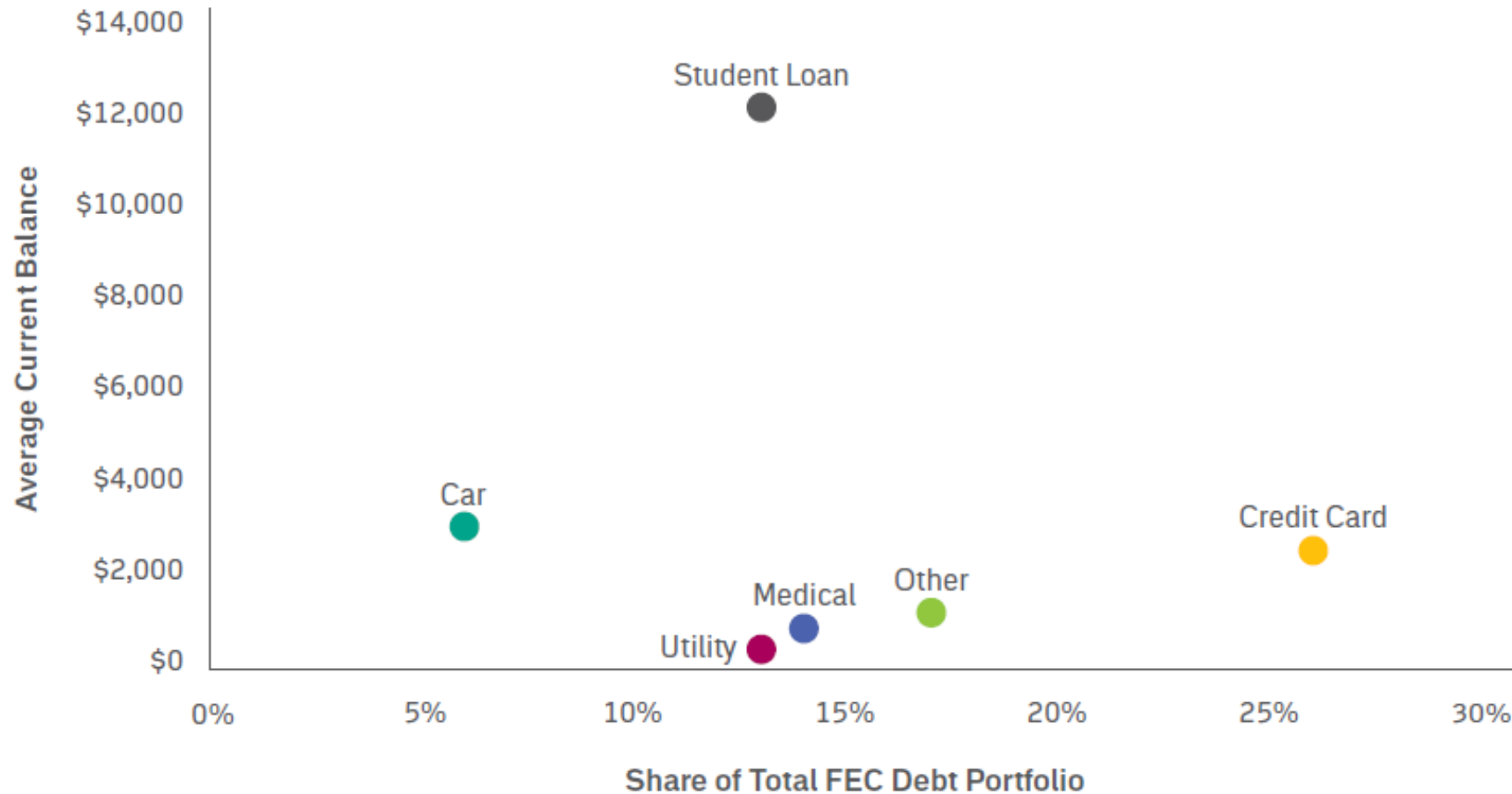


Over 60% of clients had zero savings



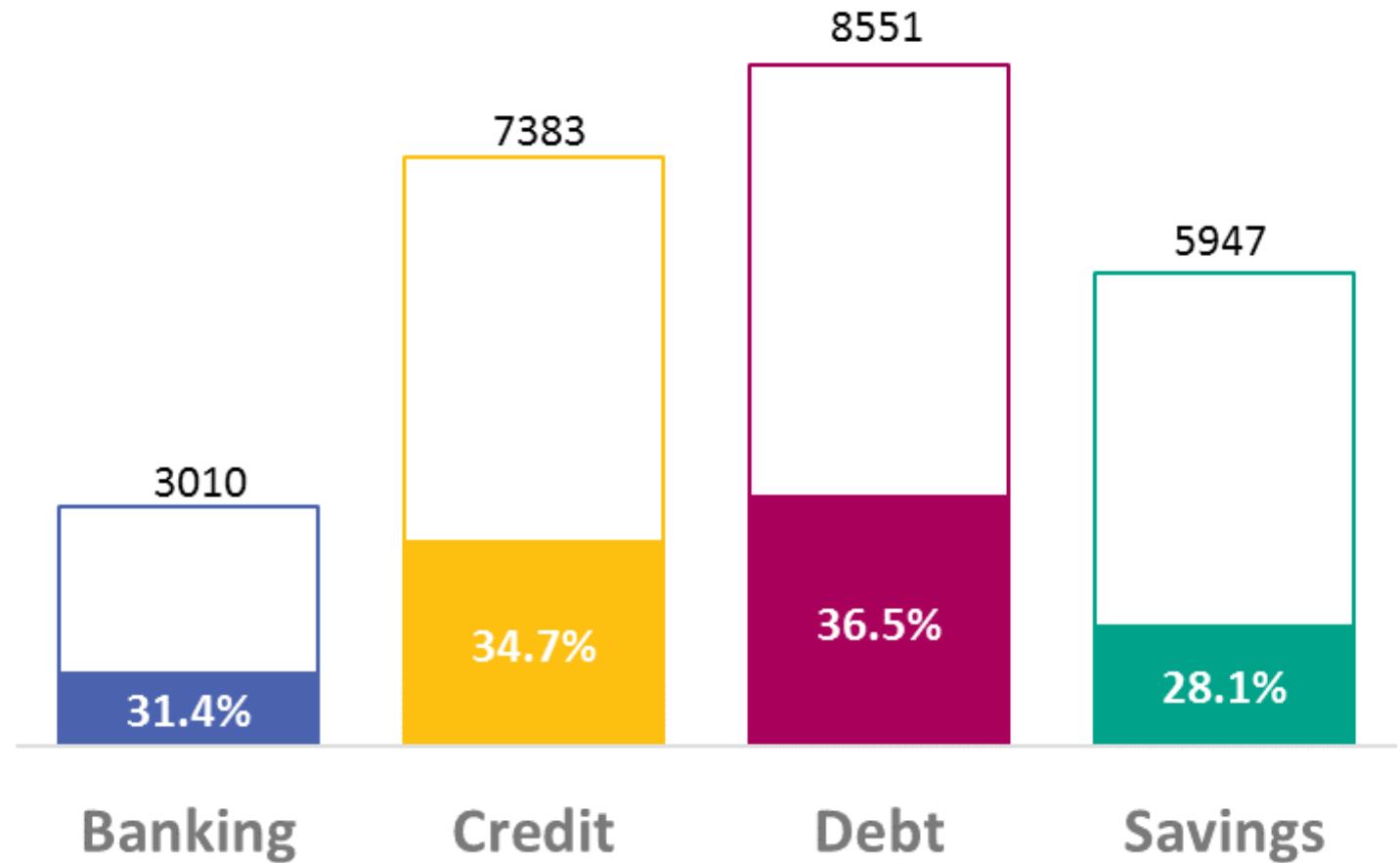
Most debts = credit cards

Biggest debts = student loans



Finding: Real Financial Gains

- Over 11,500 clients (56%) attended multiple sessions during study period

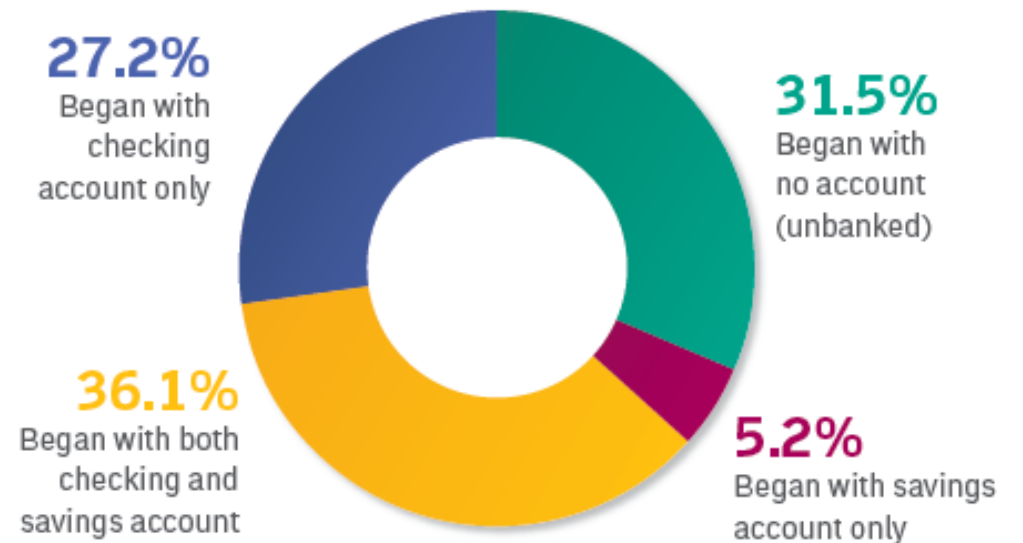


Real Financial Gains

- What does **success** look like?
- What measurable **indicators** of success did we track, and **why** do they matter?
- What **progress** did FEC clients make on these indicators?
- What else did they **achieve** in this realm?

Success = Use of Safe and Affordable Financial Products and Services

- Indicator = Open a safe and affordable bank account, to reduce fees, formalize savings, create opportunities to build assets
- **944 people opened accounts**



Success = Credit Worthiness and Access to Affordable Credit

- Indicator = Establish credit score, to build financial 'identity' and increase access to opportunities
 - **269 people established a credit score, new median score was 624**
- Indicator = Increase credit score by 35+ points
 - **1,383 people's scores increased, with**
 - **60.3% increased by 35+ points**
- Indicator = Move up a FICO category, to make credit more affordable
 - **39.3% moved up 1+ categories**

Success = Reduce Debt

- Indicator = reduce debt by at least 10% (meaningful and reasonable within likely data collection period)
 - **2,263 people cut their debt**
 - **72.4% did so by at least 10%**
- Average percent debt reduction was **37%**
- Total debt reduction was **\$22,545,564**

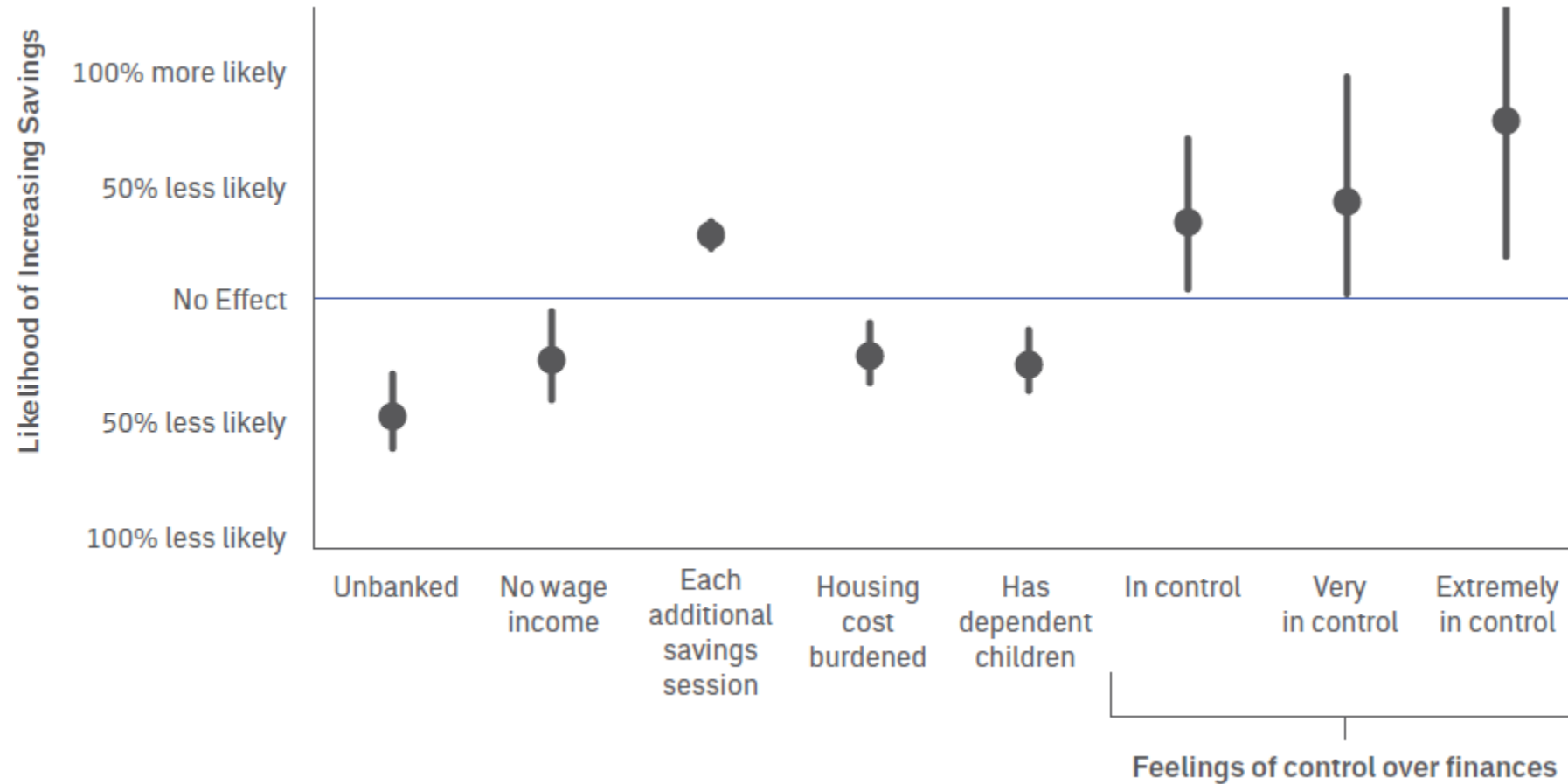


Success = Build Savings

- Indicator = Increase savings by at least 2% of annualized after-tax income, to cushion against roughly one week of lost income
 - **870 people increased savings**
 - **52% did by at least 2%**
- Among those with less than \$1.00 in savings at start, 25% increased their savings, by an average of \$1,299



Finding: Intriguing Odds of Success



Intriguing Odds *for* Success

“How much control do you feel over your finances?”

- Compared to those “not at all” in control, clients who felt “**extremely in control**” were
 - 62.6% more likely to reduce debt
 - 73.5% more likely to increase savings



Intriguing Odds *Against* Success

Unbanked

- 28.4% less likely to open account
- 36.7% less likely to establish credit score
- 53.3% less likely to increase savings

Dependent children

- 30.6% less likely to increase savings

Extremely worried about finances

- 39.4% less likely to open account
- 38.9% less likely to improve credit score

Odds that Match Expectations

Attending each additional counseling session

- **More** likely to make gains in banking, credit, debt and savings

No wage income

- **Less** likely to make gains in each area

Finding: Related Personal Gains

Focus group participants said:

- Reduced financial stress and improved emotional health
- Confidence and self-efficacy
- Development of financial decision-making skills
- Ability to share knowledge, teach children



Finding: Related Programmatic Gains

Partner organization interviews said:

- Helped clients achieve the partner's goals
- Provided a new, complementary service
- Increased client uptake of services by adding credibility
- Allowed them to focus on core programming, versus attempting to provide financial services for which they had little training or capacity



Finding: Systemic Change

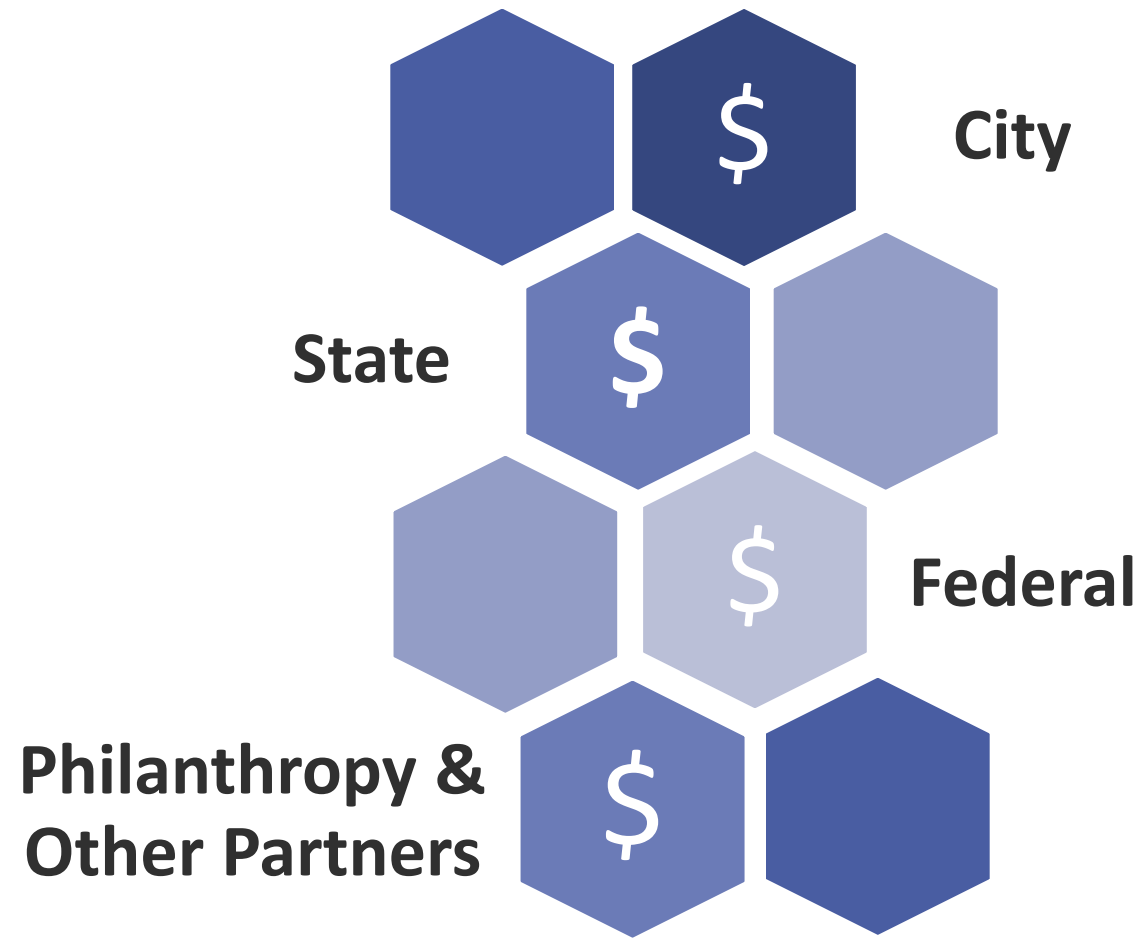
- New vision for social services leaders
- New city offices for financial empowerment
- New expectations for data and outcomes

“We have truly changed the landscape of social services in the City of Denver.”

“The investment in Denver has had a far-reaching effect on the way financial empowerment is looked at not only in Denver but regionally.”

— City FEC manager

Finding: Sustainable Change



Federal Funds for FEC Sustainability

ACF Head Start	ACF CSBG	HUD CDBG	HUD JobsPlus
Lansing	Philadelphia San Antonio	Lansing	Philadelphia Nashville

Lessons for Future FEC Efforts

- Robust model works in diverse cities
- Core model elements were critical to client success:
 - Government leadership
 - Programmatic integrations
 - Professional, relationship-based counseling
 - Data-driven management

Lessons for Future FEC Efforts

- Ideas for strengthening partnerships
- Ideas for refining outcomes
- Ideas for developing counselors
- Ideas for sustainability



**Financial
Empowerment
Center**

New Funding and Partnership Opportunity

- With support from Bloomberg Philanthropies and others, the CFE Fund is supporting up to 12 local governments with funding + technical assistance to plan to launch a FEC. *Applications due September 14.*
- The CFE Fund is also supporting an Affiliates Network focused on fostering learning opportunities between entities integrating financial counseling and coaching within government services. *Rolling deadline.*

Apply for these opportunities now!

ow.ly/WmKg30edL2f

Webinar Series: 15 Minutes of FEC

Want to learn more about the Financial Empowerment Center model and impact? Join us for 15 minute briefings on special topics!

Partnerships and Integrations: Thursday, Sept. 14th, 2-2:15pm EST

Client Achievement: Thursday, Sept. 21st, 2-2:15pm EST

Banking Status: Thursday, Sept. 28th, 2-2:15pm EST

The Counseling Model: Thursday, Oct. 5th, 2-2:15pm EST

[Register now!](#)