

An Evaluation of Financial Empowerment Centers

Building People's Financial Stability
as a Public Service

The FEC Counseling Model

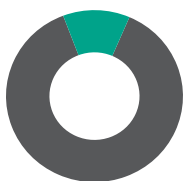


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INTRODUCTION

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 how, and if, 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, to deal with the complex issues and barriers that keep them from financial stability. Second, they should receive high-quality services from a professionally trained counselor. Third, financial counseling works well as a public service: city government is a trusted voice for residents amidst a sea of scams and complicated financial choices, a natural convener of partners, and can market services at scale. Finally, financial counseling is a natural fit with other social services, from exchanging referrals to being fully integrated into service delivery streams.

At the core of the FEC work is the relationship between the counselor and the client, often cited as critical to client retention and outcome achievement. For this reason, the hiring process and counselor training are crucial aspects of the model, as is the way counselors and clients interact through each session.

This brief, which summarizes findings about the FEC counseling process as well as the relationships between FEC counselors and clients, is excerpted from the CFE Fund's full report, [*An Evaluation of Financial Empowerment Centers: Building People's Financial Stability As a Public Service*](#).

FEC COUNSELORS: SKILLS, TRAINING AND PROFESSIONAL DEVELOPMENT

COUNSELOR SKILLS

Financial Empowerment Center managers looked for a range of skill sets when hiring counselors. Some hiring approaches were common across all cities, such as generally emphasizing aptitude for working with low-income populations over financial services backgrounds.

Relevant Prior Experience Cited by FEC Counselors

TYPES OF PRIOR EXPERIENCE IN THE FINANCIAL SECTOR

- retail banking
- sales of financial products

TYPES OF PRIOR EXPERIENCE IN PERSONAL FINANCIAL COUNSELING

- housing counseling
- debt management
- bankruptcy counseling
- financial aid officer
- tax preparer at VITA site, particularly for people new to the U.S.
- Habitat for Humanity, helping families apply for loans
- mortgage and default counselor

TYPES OF PRIOR EXPERIENCE IN BUSINESS OR SMALL BUSINESS COUNSELING

- Peace Corps microfinance project
- small business lending organization
- economic development
- entrepreneur
- property management
- management experience
- working with a Community Action Agency

TYPES OF PRIOR EXPERIENCE THAT TAUGHT INTERPERSONAL SKILLS

- social work background
- customer service, work in sales
- education in criminal justice
- public speaking experience
- psychiatric/mental illness background, behavioral health, and social services
- teacher

Nonetheless, many counselors cited prior work experience as a source of their financial expertise. While some cities prioritized particular individual backgrounds or attributes, such as empathy and relationship-building, other cities looked holistically at the entire cohort and hired for different, complementary skills.

Counselors themselves identified a number of professional competencies that they felt were necessary for the job, from technical expertise to “softer” skills like goal-setting to help clients identify realistic goals, problem solving an array of unpredictable and complex issues, and interpersonal skills that built rapport.

When talking about the financial expertise they applied to help clients achieve results, most counselors mentioned their knowledge about credit reports, credit scores, debt, and budgeting—and their skill in explaining these topics to their clients. Counselors also emphasized the importance of goal-setting, problem-solving, and interpersonal skills to help their clients.

TRAINING AND PROFESSIONAL DEVELOPMENT

Counselors were trained through a standardized university course offered in partnership with a local community college; continuing education during their jobs; and self-directed professional development.

The initial training followed a standardized curriculum that was developed by the CFE Fund and the City University of New York. This 45-hour training was designed to ensure that all FEC counselors had a common baseline of knowledge. Topics included: goal-setting; budgeting; banking and basic financial transactions; building, maintaining, and repairing credit; credit report and scores; current regulations and practices governing consumer financial transactions; financial counselor roles and skill sets; and planning for education, retirement, and basic investments.

The course also covered the types of complex issues that counselors needed to refer to other trained professionals.

In addition to the initial training, management in each city provided substantial supplementary trainings to FEC counselors based on client needs. Managers began to build in role

playing exercises and staff shadowing in order to incorporate peer interaction as a way to support counselor success. Counselors often cited the need for more focus on the counseling dynamic and building counseling skills, as well as additional training about handling specific financial situations faced by low-income people, such as student loans, bankruptcy, and benefits access.

COUNSELING WORK FLOW

Counselors emphasized that, although the work flow was fairly standardized due to protocols and systems like the Efforts to Outcomes database, they each had their own way of framing goal setting, gathering intake information, and entering data into ETO.

FIRST SESSION

Counselors shared that the first counseling session served two major purposes: (1) to build rapport and a relationship with the client, and (2) to gather information about the client, including understanding or developing their goals. The initial sessions tended to last longer than follow-up sessions, ranging from 45 minutes to two hours, with most counselors reporting an average of about one hour. Generally, counselors began the first session with an overview of FEC services, emphasizing that counseling was free. Counselors also made sure to help clients understand how counseling could support their goals, which was especially important when clients had been referred by another agency or integration partner. Many counselors viewed relationship-building as a foundation of the initial session, which usually involved sharing a lot of personal information and was often very emotional. Counselors worked with clients to complete the initial Financial Health Assessment, which aimed to capture and understand the client's full financial picture and identify personal and financial goals and relevant counseling service streams. Generally, clients came with the following types of goals:

- Long-term goal (e.g., home purchase);
- Short-term goal (e.g., establishing budget);
- Reaction to specific financial action (e.g., impending eviction);
- Less-defined goal (e.g., just want help with finances); or
- Mandatory attendance at session (e.g., goal related to referral, or no goal)

In situations where a counselor perceived that a person was in crisis mode or would benefit from a more directive approach, the counselor took the lead in goal-setting.

Counselors also worked with clients during the first session to develop a budget, which was foundational to counseling success, and often assigned finishing the budget as homework. In addition, counselors worked with clients to make referrals for additional supports, if necessary, ranging from legal services for complex issues to public benefits programs and workforce training. At the end of initial sessions, counselors reported assigning clients tasks that were linked to longer-term goals.

FOLLOW-UP SESSIONS

While the first session centered on building a relationship with clients and collecting information, follow-up sessions generally addressed the goals identified in the first session. Counselors would revisit budgets and confirm other financial information, like entries in spending journals, with clients. They would pull and review client credit reports—a process that could

be very emotional for clients. After pulling the credit report, counselors and clients typically worked together to adjust plans and goals, including action steps related to credit report items such as contacting creditors. Many counselors wanted more regular follow-up time with participants to check-in on agreed-upon next steps or revisit counseling goals; one city implemented “Client Achievement Time,” dedicated counselor time to review participant profiles, follow up with participants, and complete paperwork.

In addition to revisiting the budget, pulling the credit report, and contacting creditors, counselors dedicated subsequent sessions to work with clients on other financial goals. For example, counselors helped unbanked or underbanked clients to investigate bank account options, and in some cases went with them to introduce them to partner bank or credit union staff and help them open an account. To help clients achieve savings goals, counselors often worked with them to continue to update and monitor their expenses in a spending journal.

THE COUNSELOR/CLIENT RELATIONSHIP: HOW COUNSELING DROVE OUTCOMES

The qualitative research conducted for this evaluation suggested that the counselor-client relationship was a driver of FEC outcomes. Counselors and focus group participants alike described FEC sessions as a “nonjudgmental zone,” creating a safe space to talk about finances that helped clients develop trust and allowed for honest and productive conversations.

Participants widely cited the free, publicly available nature of FEC services as a primary factor building trust in the program and counselors’ intentions. Participants were often surprised to learn that services were free based on their previous experience with debt or credit counseling services, and reported that the FEC, by comparison, felt distinct and more trustworthy.

For some participants, FEC sessions represented a rare opportunity to discuss personal financial issues in a safe and private environment. Many participants talked about the emotional stress associated with first opening up about their finances to counselors, from crying to emotional “meltdowns.” However, they were buoyed by the supportive nature of the session and emphasized the open, empathetic, and normalizing approach of counselors.

Participants universally appreciated the one-on-one counseling model and the individualized attention they received from counselors in a professional yet personal format. The sustained rather than one-time nature of the counseling relationship offered clients a regular opportunity to periodically reflect on their finances with a familiar professional. Having regular meetings also increased the salience of financial issues in participants’ lives. One participant emphasized the importance of the ongoing interaction with her counselor: “Sometimes your old habits kick in a little. Then you say, ‘Oops, wait, I need to stop and rethink,’ and you have [counselor’s] face in your head when you want to start spending money again.” Counselors followed up with clients through phone and email to reinforce the behavior changes, demonstrating sustained attention to participant’s progress. Participants talked about the benefits of the encouragement they received from counselors to achieve milestones and goals, and appreciated the fact that counselors recognized and celebrated their successes with them.

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 more on financial counseling outcomes and how they support financial stability.



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