

Nearly 10 million people exit local, state, and federal prison each year in this country after completing their incarceration. Given the high rates of recidivism, the cost of incarceration, and the impact of incarceration on families, many city partners have begun testing financial empowerment strategies to help improve safe and successful reentry. Traditional reentry services focus on tailoring core social services, such as workforce development, housing, family engagement, education, mental health, and substance abuse treatment to the specific needs of these returning citizens. However, their high rate of financial instability often negatively impacts these core services' success. By integrating financial empowerment strategies into these core social services, our city partners are looking to achieve “Supervitamin Effect” boosts to those programmatic outcomes for their residents.

COALITION CASE STUDY: LANSING, MI PAROLEE HOUSING INTEGRATION

Following the launch of the Lansing, Michigan's Financial Empowerment Center (FEC) in 2013, the FEC team began conversations with the Ingham County Parole Office about offering those professional financial counseling services to recent parolees. At any given time, there are approximately 400 parolees whose cases are managed by that county, and approximately 15 - 20% utilize state-funded transitional housing services. For people on parole who do not have access to private, stable housing, transitional housing provides time and space to focus on gaining employment and moving into more permanent housing.

Such housing can be expensive and is, by nature, impermanent; the Ingham County Parole Office recognized that financial issues were a critical barrier to the success of people on parole, particularly regarding their ability to move out of transitional housing into stable, permanent housing. They hoped that integrating professional financial counseling would not only improve clients' individual finances, but also speed their move into permanent housing.

Beginning in 2014, the Lansing FEC and Ingham County Parole Office launched a pilot project that required all recent parolees participating in transitional housing to attend a professional, one-on-one financial counseling session at least once per month while they were in transitional housing. Together with their financial counselor, the parolee would review their financial situation and then develop a plan to address their specific needs. The initial two-year pilot served 93 clients who attend an average of 3 - 4 counseling sessions. Approximately 40% of clients made progress on at least one financial outcome, such as opening a new bank account, increasing their credit score by 35 points, and reducing their debt by 10%.

In addition, clients reduced their median time in transitional housing by nearly four weeks.

After the initial success of the integration pilot, the partnership has continued, and the Michigan Department of Corrections has expressed interest in funding and expanding this financial empowerment integration to other counties' parolee housing programs.

KEY LESSONS LEARNED

- Integration partner leadership and staff – in this case, the Ingham County Parole Office – needs to understand the logic of the integration and how it can impact their own programmatic goals. In this case, Parole Office staff had a strong understanding about the role that financial instability played in delaying clients’ ability to move out of transitional housing more quickly and successfully. The existence of a high-quality financial counseling government program then facilitated a desired partnership.
- Corrections systems and policies can be complicated to navigate, so building and maintaining a close working relationship with key leaders in that system is critical in order to address barriers to success.
- Data sharing and reporting is critical to the sustainability of the integration. To facilitate data sharing, the Parole Office assigned a “lead agent” to the project who worked directly with FEC staff on data sharing. The FEC shared data on the number of sessions clients attended, as well as data on changes in clients’ credit score, debt, banking status, and savings. The Parole Office shared data on clients’ entry and exit into housing, as well as where the client existed to (renting, purchasing, staying with family or friends, or returning to prison or jail. The FEC also had the client sign a waiver authorizing data sharing.
- Memorializing the goals and operational details of the integration, in the form of a Memorandum of Understanding (MOU), can help ensure a common understanding and provide transparency and accountability to external stakeholders.

This client population has a number of particular financial issues. Financial empowerment initiatives that are integrated with programs that serve incarcerated people and reentry programs should consider:

- **Identity Theft:** Unfortunately, people entering jail or prison often are victims of identity theft while incarcerated; when they exit, their credit is negatively impacted, making it harder to reenter the financial mainstream. To address this, programs can work to help people freeze their credit prior to incarceration, or pull credit reports during or after incarceration to identify and address any issues. In addition, a parole officer can provide a Letter of Incarceration that can be shared with credit bureaus to prove that the person was incarcerated and help resolve any identity theft issues.
- **Bank Account Dormancy:** In some states (like Michigan), bank accounts that are inactive for a specific amount of time must be closed, with funds then sent to the state’s Department of Treasury as unclaimed property. Programs can help incarcerated people understand their state’s law, and find a place to put their funds if necessary. In addition, programs can help ensure that any payments that are debited automatically from prisoners’ bank accounts are stopped or frozen so that accounts don’t overdraw.
- **Child Support:** Unless addressed prior to incarceration, child support debt can grow significantly and can become a barrier to financial stability upon release. Programs can work with people about to be incarcerated, or during their incarceration, to modify child support orders until they are released. This often benefits the custodial parent as well: in Lansing, custodial parents of children whose other parent was incarcerated were denied such benefits as emergency rent and utility assistance due to having to count child support as income, even though it was not being received.

**WANT TO
LEARN MORE?**

The Cities for Financial Empowerment Fund and our CFE Coalition partners, including the City of Lansing, are committed to growing municipal financial empowerment efforts across the country. If you want to learn more about financial empowerment integrations with reentry work, visit www.cfefund.org to connect with a municipal financial empowerment expert.