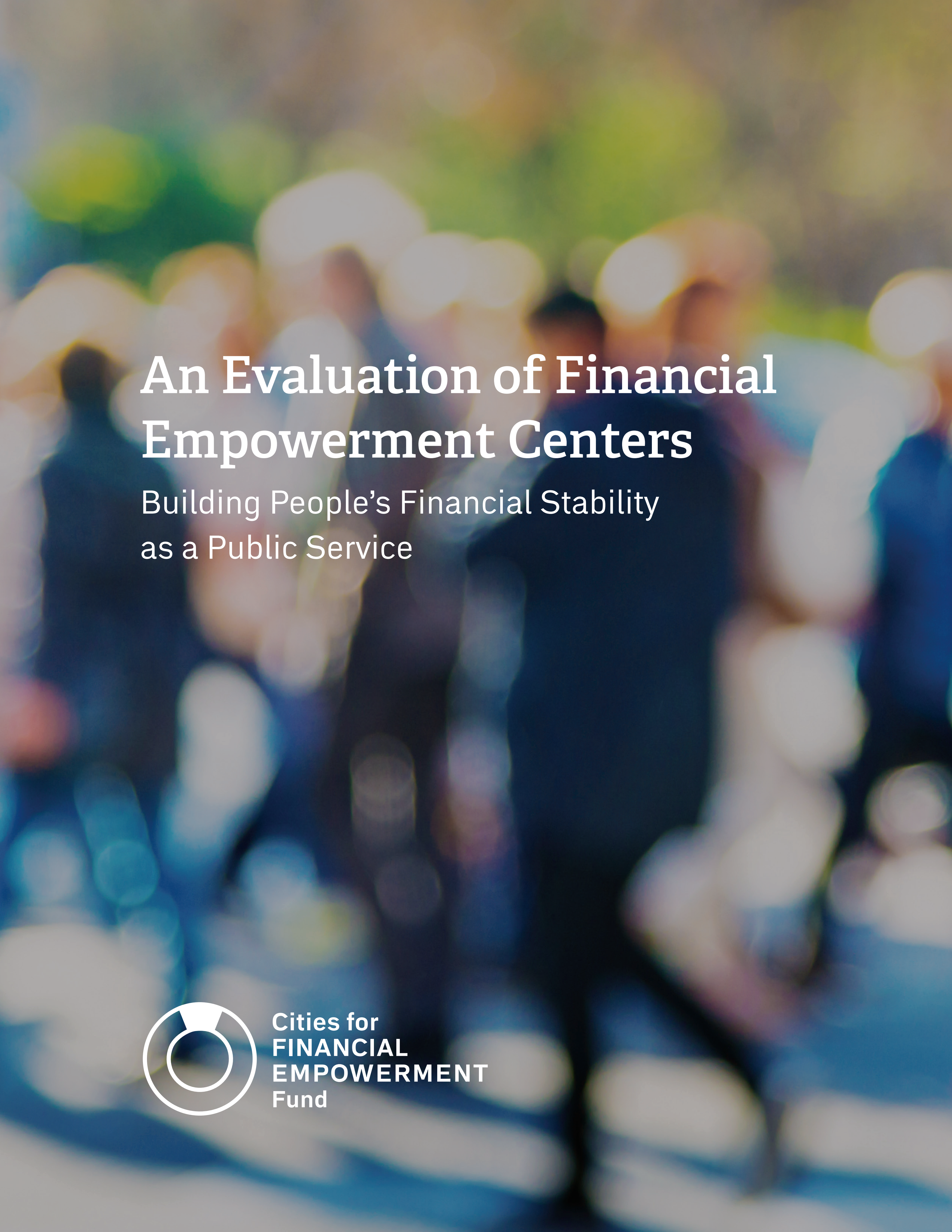

An Evaluation of Financial Empowerment Centers

Building People's Financial Stability as a Public Service

Cities for FINANCIAL EMPOWERMENT Fund

An Evaluation of Financial Empowerment Centers

Building People's Financial Stability as a Public Service

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Fund

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A Letter from Bloomberg Philanthropies

At Bloomberg Philanthropies, we are big believers in cities sharing ideas that work – especially when those solutions have the power to dramatically improve people's lives. That's why we're such big believers in Financial Empowerment Centers (FECs), an effort that's changing how cities work to alleviate poverty by giving more low-income Americans the tools they need to build a stable financial future. The idea started in Mike Bloomberg's City Hall and developed a strong track record in New York City and across the nation. Over the years, we received numerous replication requests and were happy to be a part of spreading this program around the country.

So far, FECs have counseled and connected more than 22,000 individuals to support and services to help them reduce their debt and build savings. And as you will read in this report, the Centers are changing the way that cities do business. FECs have built lasting public-private partnerships; attracted significant public investment at the local, state and federal levels; and helped the most financially vulnerable individuals and their families realize financial gains that once seemed impossible.

What's more, having seen the positive results this work has yielded, city leaders are dedicating significant resources to growing municipal financial empowerment strategies as a critical part of their anti-poverty work. They have even launched dedicated city offices to ensure the approach that Mike Bloomberg pioneered is woven into the very fabric and infrastructure of local government.

That's how smart, good government happens. An idea gets tested, it has real impact in citizens' lives, and what's learned gets shared so that other leaders can use the experience to tackle their own challenges. That's what we're seeing in the cities that are already investing in Financial Empowerment Centers. And their work to respond to their residents' needs and think about reducing poverty in new ways truly represents government innovation at its best.

James Anderson
Government Innovation, Bloomberg Philanthropies

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Executive Summary

The complexity of the consumer financial marketplace, the continued presence of predatory financial products and services, and the role that financial instability can play in reversing other social service gains are all critical issues city leaders—and their residents—grapple with every day. But, while cities know that financially stable residents are critical to their success, it is only in recent years that they have begun to embrace financial capability and asset-building strategies. As these strategies have developed, city leaders have realized that the complexity of financial issues that residents face means that any services must be high-quality, individualized, and delivered by a trusted source. With these critical concepts in mind, the Financial Empowerment Center model was created.

The Financial Empowerment Center initiative provides free, one-on-one financial counseling as a municipal service to all residents. 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. In addition to providing high-quality services that aimed to meaningfully improve the financial lives of residents, a central goal was to sustain FECs as a public service through public funding.

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, and a natural convener of partners to enhance program sustainability and offer and market services at scale. Finally, financial counseling is a natural fit with other social services, which can be coordinated through referrals or integration partnerships.

In each of the cities, city government leadership managed the initiative, contracting with a primary nonprofit partner (or partners) to deliver counseling services. Counseling efforts and results were tracked on four dimensions—banking, credit, debt, and savings. The more than 22,000 individuals who sought financial counseling typically had annual incomes just over $21,000, and were challenged by disproportionally high housing costs and low savings. Despite these significant financial obstacles, people who availed themselves of FEC counseling services succeeded in opening bank accounts, reducing debt, improving credit, and even saving for emergencies and for their futures. A total of 5,305 FEC clients achieved 14,493 financial outcomes over the 30 months of this evaluation, including reducing more than $22.5 million in personal debt and increasing their family savings by more than $2.7 million.

In addition to in these successes, cities reported that the FEC initiative also helped change the way they approached anti-poverty programs. Each identified and committed public dollars to sustain FEC services beyond the CFE Fund/Bloomberg Philanthropies three-year grant, and three of five city administrations expanded their commitments by opening Offices of Financial Empowerment or similar municipal entities to support and oversee both FEC and additional city-led financial empowerment efforts.

THE FEC MODEL WORKED IN A VARIETY OF CITY CONTEXTS

The program model first developed in New York City during the Bloomberg administration was replicated with fidelity, with only minor adaptations. City administrations managed the public program, including efforts to integrate FEC services into other city and nonprofit services. City management contracted with nonprofit providers to deliver the financial counseling services and manage on-the-ground delivery. Counselors were hired for their aptitude for working with low-income populations even more than their background in financial services, and were provided basic training through a standardized curriculum, delivered by local community college partners and supplemented in each partner city with significant ongoing professional development.

The FEC counseling model centers on building rapport, prioritizing the clients' own goals, and encouraging clients to return for follow-up sessions both to continue working toward their goals and to report on their progress. The cities and nonprofit providers built networks of partner agencies, initially casting a wide net to recruit and refer people from a variety of places who faced financial instability.

The FECs' emphasis on professionalism, expressed through the model's attention to data-driven management as well as professional training, made a strong impression on clients, partner organizations, and municipal leaders. Clients described their initial surprise, emerging trust, and then ongoing loyalty engendered by their counselors' empathy and expertise. Similarly, the FEC managers became both consultants to and models for other city departments and nonprofit organizations.

FEC CLIENTS ACHIEVED MEANINGFUL FINANCIAL OUTCOMES, DESPITE VERY LOW INCOMES

FEC clients' success occurred in the context of very low incomes: over 70% had incomes that were below 50% of their area's median income, adjusted for household size, and the average monthly income was only $1,754, or $21,048 annually. Approximately 3.5% of clients reported no income at all, and 22.9% of clients had no health insurance at intake.

Financial Empowerment Centers tracked client progress across threshold outcomes: opening or transitioning to a safe bank account; establishing a credit score; increasing credit score by at least 35 points; decreasing debt by at least 10%; and increasing savings by at least 2% of annualized monthly income. To understand FEC impact, this evaluation analyzed client successes across these threshold outcomes, as well as across additional, related financial outcomes.

From March 2013 through September 30, 2015, 5,305 FEC clients achieved a total of 14,493 financial outcomes, as detailed below.

Table 1 • Outcomes Achieved During Study Period

Outcome	Number of Outcomes Achieved
Open or transition to a safe and affordable bank account	944
Establish a credit score	269
Increase in credit score	2,196
Increase credit score by at least 35 points	1,324
Move up a FICO credit score category	901
Decrease in amount of debt	3,125
Decrease debt by at least 10%	2,261
Increase in amount of savings	1,672
Achieve savings of $500	567
Achieve savings of one month's expenses	365
Increase savings by at least 2% of income	869
Total increase in savings	**$2,731,922**
Total reduction in debt	**$22,545,564**

Overall, 11,511 people (56% of all FEC clients) attended more than one counseling session; returning for multiple sessions was seen as a critical factor in outcome achievement. Returning to financial counseling was the most consistent predictor of achieving a financial outcome, and people working on debt were most likely to return. People who were unbanked were considerably less likely to return for a follow-up session than those who had accounts, and they were less likely to succeed when working on building savings or establishing credit.

Research results also indicate that people who sought financial counseling appeared to be accurate in their self-assessments of their financial condition. Those who were more worried about their finances at intake had less ultimate success in opening bank accounts or improving their credit scores. Those who said at intake that they felt more control over their finances saw more success in reducing debt and increasing savings.

BANKING OUTCOMES

Fully 31.4% of the people working on banking opened or transitioned to a safe and affordable bank account. Each additional session made a client 43.0% more likely to open an account—71.2% for unbanked clients. People who were unbanked were also more likely to succeed if they had wage income. However, those who were unbanked at intake were 38.4% less likely to open a safe and affordable account than those who already had an account and opened a new one. In addition, unbanked clients were less likely to return for follow-up sessions, itself a significant factor in achieving an outcome.

CREDIT OUTCOMES

Despite being twice as likely as all U.S. consumers to have subprime credit, and about half as likely to have any credit score when they started counseling,[1] nearly a quarter, 23.1%, of the 1,166 unscored clients working on credit issues succeeded in establishing a credit score. Among multisession clients working on their credit, 36.9% increased their credit scores, with more than 60% of these clients increasing their score by at least 35 points. People with wage income were 41.3% more likely, and people who were housing cost burdened (paying more than 30% of income on housing) were 17.0% less likely, to make positive improvements in their credit score than those without wage income or housing cost burdens.

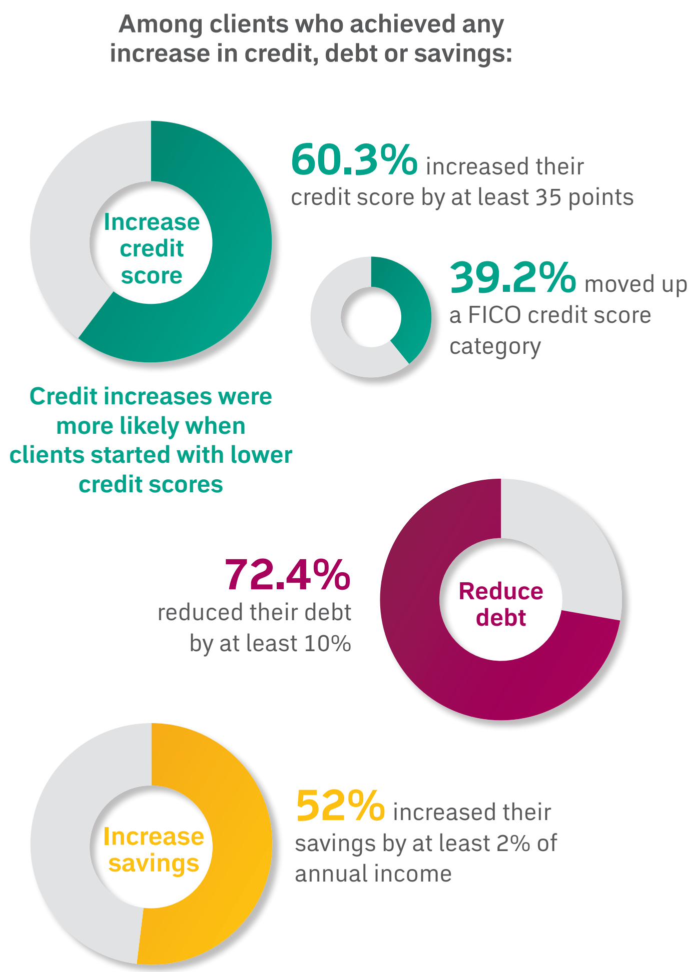
DEBT OUTCOMES

While FEC clients had an average of nearly $29,000 in debt—more than half with credit card accounts, 40% with utility debt, and 38% with student loans—those working to reduce debt were most likely to succeed compared to those working on other issues. Almost 37% of clients who tried to reduce their debt were able to do so by at least some amount. Of note, a person's starting debt level did not appear to have a significant effect on her absolute likelihood of reducing debt; however, having a higher amount of debt was a barrier to achieving a debt reduction of 10% or more. People with utility arrears were 21.9% more likely, and people with medical and student debt were 23.7% to 34.8% less likely, to achieve overall debt reductions compared to people without each debt type.

SAVINGS OUTCOMES

FEC clients were much more likely than average Americans to have no savings, with almost 60% of multisession clients working on savings having started FEC services with zero reported savings; yet overall, 28.1% of multisession clients working on savings successfully increased their savings, by an average of $1,634 (median $400), for a total of $2,731,922 saved. Of those who increased their savings, 52% increased them by at least 2% of net annual income. Notably, clients with wage income were 40.6% more likely to increase their savings than those without, while people who were housing cost burdened were 27.0% less likely to increase their savings.

Figure i: Threshold Outcome Achievement



PSYCHO-SOCIAL OUTCOMES

FEC clients report that opening a bank account, improving credit, reducing debt, or increasing savings made an important difference in their lives. They described being able to improve their housing and business conditions, access more financial products, and stick to their budgets.

In addition to these financial impacts, they said that financial counseling and improving their financial situations helped them discuss money more effectively with spouses and children, reduced their stress and improved their emotional health, built up their sense of confidence and self-efficacy, and enabled them to develop decision-making and negotiating skills.

Both counselors and focus group participants reported that FEC services gave them a "finances toolbox"—a variety of knowledge and skills that empowered them to navigate complex financial issues and solve financial problems.

THE "SUPERVITAMIN EFFECT"

The "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. Partner organization staff in all five cities touted the FECs' ability to augment existing services and improve their clients' outcomes. While more research is needed, especially to support randomized control trials that can pinpoint the effect that financial counseling integration has on host anti-poverty services, Lansing, Michigan's work reducing stays in transitional housing for people on parole offers one of the most promising case studies illustrating the Supervitamin Effect. Preliminary data suggest that FEC counseling helped parolees find independent housing significantly more quickly, hastening program goals and reducing state costs.

FECS CHANGED ANTI-POVERTY SERVICES IN ORGANIZATIONS AND CITIES

Beyond the client level impacts, the FEC initiative helped change the way cities and their nonprofit partners approached anti-poverty programs and policies. Interviews with staff of the cities, nonprofit providers and partner organizations revealed that organizations appreciated their new capacity to work with clients on financial issues that affected their long-term goals, even while addressing more urgent needs. Throughout the cities' social service environments, the FECs demonstrated the value of integrating a holistic set of financial empowerment services into municipal and nonprofit services. Furthermore, the FECs significantly contributed to expanding municipal governments' involvement in and commitment to financial inclusion efforts, with all cities securing public dollars to sustain FEC counseling services, and three cities opening new Offices of Financial Empowerment anchored by managing their FECs.

Federal guidance and support of financial counseling models such as FEC can boost high-quality anti-poverty and financial inclusion services in cities; policymakers and funders should look to the critical professional counselor competencies outlined in this report to ensure quality services.

Glossary & Abbreviations

	Definition
City agency	Generally refers to the specific government department or office that managed the FEC initiative. May also refer to other government offices that served as partner organizations to the FEC.
City FEC manager	The city government staff member responsible for overseeing and monitoring FEC implementation, building partnerships, and ensuring sustainability.
Client	Individual receiving FEC services.
Co-location partnership	Relationship between the FEC and a social service organization or city agency, through which at least one FEC counselor is located at the partner's site at least part-time.
Counselor	A trained individual whose professional competencies include expertise on banking, credit, debt and savings issues affecting low-income people as well as interpersonal skills such as coaching and relationship building.
Counseling session	Confidential, private meeting between FEC counselor and client lasting at least 30 minutes; almost always in person but occasionally by telephone.
Creditor Record	List of outstanding debts and the creditors to whom they are owed, created from the client's credit report.
ETO	Efforts to Outcomes, the database system used to collect and report FEC client data.
FEC	Financial Empowerment Center, a specific site providing free, one-on-one financial counseling as a public service on a full-time or part-time basis.
FEC initiative	The city-wide collection of all FEC sites, counselors and partnerships.
FHA	Financial Health Assessment, the intake form used to record baseline information about a client's financial situation in ETO.
FICO score	Fair Isaac Corporation score; a widely-used credit score developed by the Fair Isaac Corporation.

	Definition
Housing cost burdened	A household is considered housing cost burdened when 30 percent or more of its monthly gross income is dedicated to housing costs including utilities.
Integration partnership	Relationship between the FEC and a social service organization or city agency, through which the partner embeds a variety of FEC-related processes (from referring clients to tracking client progress) into their regular service routines.
Multi-session client	FEC client who attended more than one financial counseling session.
Nonprofit provider	The nonprofit organization that delivered FEC services under contract with the managing city agency.
NYC OFE	New York City Department of Consumer Affairs Office of Financial Empowerment.
Participant	FEC client who participated in an evaluation focus group.
Partner organization	Entity in the community that has a formal relationship with the FEC to refer clients to the program, provide space for FEC counseling, and/or fully integrate FEC counseling into its own programs.
Referral partnership	Relationship between the FEC and a social service organization or city agency, through which the partner gives its clients information about FEC services, or recommends or requires that its clients attend a FEC counseling session.
Service plan	These arenas constitute the major financial areas in which clients can make improvements to become financially empowered.
Supervitamin Effect	The hypothesized ability of financial counseling and outcomes to increase or accelerate social service outcomes, or to make them more enduring, by addressing underlying client financial instability.
Outcome	Change in banking status, credit score, debt level or savings level.
Threshold outcome	A target level of change in banking status, credit score, debt level or savings used to measure the performance of FEC counselors and nonprofit providers against contract expectations.
Unbanked	A person without a checking or savings account.
Underbanked	A person with a checking or savings account who also uses alternative financial services.
Wage income	Monetary compensation paid by an employer to an employee in exchange for work done.

a About this Report

This report provides information on the Financial Empowerment Center model, the people it served, the outcomes they achieved, the impact services had on nonprofit and city partners, and lessons learned for others looking to replicate or support this model.

The evaluation was designed as a utilization-focused, foundational and exploratory study, aimed at creating an evaluation report that was useful to stakeholders. The report includes both qualitative and quantitative sources.

For the qualitative elements, the CFE Fund contracted with social policy research firm MEF Associates to conduct a detailed review of the FEC model design and implementation in each city. This qualitative analysis included participant focus groups—MEF Associates conducted at least one focus group in each city and eight total focus groups FEC clients. Additionally, the CFE Fund conducted group interviews with FEC counselors to understand core counselor competencies and how these were developed. MEF Associates conducted additional in-depth interviews with a subset of counselors.

For the quantitative elements, the CFE Fund analyzed data from the Financial Empowerment Centers' Efforts to Outcomes (ETO) database. Research questions included:

- What are the characteristics of FEC clients?
- Beyond the financial outcomes tracked for performance management, what other results do clients achieve?
- How do clients describe the value of key results?
- What quantifiable factors correlate with outcome achievement?
- To what extent were the FECs integrated into partner programs? What are the most meaningful ways to describe different levels and types of integration?
- Do financial counseling or financial outcomes affect social service outcomes? Does integrating financial counseling into other social service delivery streams help those organizations achieve better outcomes faster?
- Did the New York City model work in other cities? What changes were necessary to make it work, and what factors necessitated those changes?
- Does on-the-ground experience point to parts of the model that can be strengthened by refining the model?
- What are the core competencies of counselors who are most effective at helping clients achieve results?
- What are recommended ways to develop these core competencies?
- How can cities conduct meaningful cost-effectiveness analyses?

More detail on the methodology is in the Appendix.


Financial
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Introduction

FINANCIAL SECURITY AND THE ROLE OF CITIES

POVERTY AND FINANCIAL INSTABILITY IN THE UNITED STATES

Even before the start of the Great Recession in 2008, household financial insecurity was widespread in the United States, particularly among lower-income populations. Personal savings rates were at historic lows, and income poverty and unemployment numbers in urban centers were alarmingly high.

Now, eight years after the Recession began, economic conditions have improved—but low-income families are still struggling. The 2014 poverty rate was higher and median household income lower than in 2007, the year before the recession started.[2] Many households experience volatility in their finances: a recent Pew report found that nearly half of Americans regularly experienced substantial fluctuations in income, and 55% of households did not have enough to replace a month of their income through liquid savings.[3] Americans in general have been overextending their finances, in many cases with products that strip, rather than build, wealth and financial security—falling prey, for example, to the 16,000 payday lenders both online and in storefronts that can charge annual interest rates of 300 to 500 percent.[4] Additionally, there are more than 65 million people in the United States who are outside the financial mainstream: approximately 15.6 million adults are "unbanked," meaning they do not have a checking or savings account, and 51.1 million adults are "underbanked," meaning they may have a checking or savings account but still use costly alternative financial services.[5] These conditions, coupled with high levels of individual consumer debt and millions of households managing their financial transactions on the fringe, have created an environment where millions of American families are not only challenged to find safe and affordable financial products and services, but find their weakened credit standing is impacting their ability to attain work, find affordable housing, and access affordable insurance and other basic necessities.

WHY FINANCIAL SECURITY MATTERS TO CITIES

Resident financial stability is critical to city leaders. First, local government cannot help addressing resident financial security issues: they are palpably evident. Resident financial issues are filling social service programs, straining already tight municipal budgets, and echoing from community leaders, faith groups, and residents themselves. In addition, local government has a very critical, and very unique, role to play in addressing family financial security. Government can use its trusted voice amidst a sea of scams, its power to regulate predatory products and services, and its funding, program entry, and referral touchpoints to deploy innovative and effective solutions that help those in need—and to do so at scale.

Financially stable individuals and families are also critical for a city's success. New research from the Urban Institute provides evidence that economically strong families are better able to weather economic shocks, contribute to and grow the local economy, and help their children succeed. In addition, the Urban Institute found that families with even a small amount of savings are better set up to guard against income volatility, and that low-income families with savings are more financially resilient than middle-income families without savings. Specifically, even though income volatility is a regular occurrence in low-income families' lives, often leading to economic hardship and increased benefits usage, families with savings are less likely to be evicted, miss a housing or utility payment, or receive public benefits when an income disruption like losing a job occurs.[6] In addition, the Federal Reserve Bank of New York's Community Credit work makes the connection between individual credit behaviors to the broader community's credit inclusion and credit stress.[7]

While cities know that financially stable residents are critical to their success, it is only in recent years that they have begun to embrace financial capability and asset-building strategies.

THE MUNICIPAL RESPONSE

In recognition of the importance of asset-building, municipal anti-poverty efforts have recently begun to include strategies like financial counseling in attempts to preserve and build community capital and deliver more impactful services to residents. This has become increasingly important as municipal budgets are shrinking, even as resident need is growing, and cities are required to make the most effective use of limited dollars.

However, while there is an increasingly widespread belief in the benefits of financial counseling for low-income residents, the current delivery system across the country is incomplete, actual outcome metrics and data are scarce, and funding is erratic. Limited resources result in inconsistent, ad-hoc delivery of classes, workshops, and counseling services. The quality of services varies dramatically, with limited standards or evaluation of effectiveness. In addition, many low-income individuals and families do not know where to turn when they need financial counseling or advice, which can result in falling prey to predatory financial services, from for-profit debt management companies to high-interest cycles of loans. Even in the best cases, general financial education classes are typically not enough to help families disentangle complicated financial situations.

The complexity of the consumer financial marketplace, the continued presence of predatory financial products and services, and the role that financial instability can play in reversing other social service gains, led to the realization that financial counseling services must be high-quality, individualized, and delivered by a trusted source. With these critical concepts in mind, the Financial Empowerment Center model was created.

PROFESSIONAL, IMPACTFUL SERVICES AT SCALE

The Financial Empowerment Center (FEC) model is characterized by individualized financial counseling, rigorously measured through data; high-quality, professional services standardized through university training and ongoing professional development; overseen and sustained by the City as a free public service; and integrated into other City and nonprofit social services to boost their outcomes and build client financial stability. Each of these core components was crafted to address the issues listed above and provide clients with meaningful assistance in managing their finances.

The FEC model aims to harness the "Supervitamin" effect of integrating financial empowerments strategies into anti-poverty service delivery. The CFE Fund and its city partners have found that integrating FEC services into a myriad of anti-poverty service streams has the potential to leverage this Supervitamin Effect, improving residents' financial lives while boosting their successes in host social services. 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. By providing these services through municipal government, and at the scale and quality that municipal services require, city leaders are working to ensure that all residents can benefit.

THE EVOLUTION AND CORE ELEMENTS OF THE FEC MODEL

NEW YORK CITY: FROM EXPERIMENT TO PUBLIC FUNDING

The Financial Empowerment Center model began in New York City, under then-Mayor Michael Bloomberg. In 2008, the City's newly-formed Department of Consumer Affairs Office of Financial Empowerment (NYC OFE) conducted the Neighborhood Financial Services Study, which found that many residents in target neighborhoods (72%) had never received formal education on money management and revealed a need for tailored, personalized advice. Based off this clear need, and in the middle of the recession, the NYC OFE raised private funds to open the first Financial Empowerment Center in the Bronx, providing one-on-one individualized counseling that went beyond financial literacy or workshop services. Demand for the services grew, and Financial Empowerment Centers expanded to three sites citywide in May 2009, again funded through private philanthropy.

As demand for the Centers and their demonstrated impact through measurable metrics remained consistent, a number of additional Centers were launched through new sources of private funds. Finally, the Financial Empowerment Center initiative was included in the City budget as a core City service in January 2011 through a significant investment of public funds. Key to growing the model and making a case for public investment was the assurance that services were of consistent, demonstrable high quality. This meant that from the beginning, counselors had to be consistently trained in partnership with an academic institution, the City University of New York, in a course developed by Professor Joyce Moy; service delivery had to be driven by rigorous, meaningful outcomes; and the imprimatur of city leadership, with its mandate for efficient use of public funding at scale, had to be present.

REPLICATING THE MODEL

In 2012, based on the success of the model in New York City and interest from cities across the country, Bloomberg Philanthropies partnered with the CFE Fund to support the replication of the FEC model in five additional cities.

The five partner cities were selected through a two-stage Request for Proposal (RFP) process. For the first round of the RFP, 48 mayor's offices submitted applications, indicating robust interest in the model; each was asked to include a letter of support signed by the mayor. Following a review committee evaluation, 14 cities were invited to submit in-depth round two proposals, including separate proposals from each cities' nonprofit and community college partners. For round two proposals, cities and their partners were also asked to establish plans and timelines for model implementation, partnerships development, program management, marketing and communications, evaluation, and budget and sustainability. Finally, based on the strength of their proposals and their diversity of size and geography, five final partner cities were chosen: Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA; and San Antonio, TX.[i] Partner cities selected to participate in the replication received funding to launch and operate a Financial Empowerment Center for three years, as well as extensive technical assistance and performance measurement from CFE Fund staff. Partner cities also participated in a national Financial Empowerment Center Learning Network, led by the CFE Fund.

CORE ELEMENTS OF THE MODEL

The Financial Empowerment Center initiative provides free, professional one-on-one financial counseling as a public service. The model is based on four core tenets that are vital to the program's success. 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, and a natural convener of partners to enhance program sustainability and offer and market services at scale. Finally, financial counseling is a natural fit with other social services, which can be coordinated through referrals or integration partnerships. Each of these core tenets, and their component pieces, is detailed below.

Individualized Financial Assistance, Beyond Education

- *Counseling:* The detailed requirements of counseling—the heart of the FEC model—are outlined in the FEC Operations Manual, which every counselor receives and must follow. In brief, counseling must be one-to-one, respectful to clients' individual situations, and responsive to the client's goals and abilities. It includes a financial health assessment that captures a baseline snapshot of client financial health; designation of a specific work plan (or plans) that aligns with FEC outcomes and milestones; and collection of a significant amount of data to understand counseling impact.
- *Performance monitoring and management:* The FEC model is outcome-oriented and data-driven. The city FEC manager and nonprofit FEC manager meet regularly to review data quality, monitor and manage key indicators such as appointment rates and outcomes, benchmark progress against targets and prior years, gauge trends and forecasts, assess the productivity of partnerships, coordinate outreach and communications, and share knowledge about opportunities and innovations in the financial empowerment field. Consistent interaction between the city and the nonprofit provider is crucial to ensure quick course corrections.

High-Quality Services From a Professionally Trained Counselor

- *Mandatory university-level training for counselors:* A dedicated professor at a community college or other accredited higher education institution provides a semester-long or accelerated credit-bearing course for counselors, who must successfully complete the training before working with clients. The training is based on one developed in New York City, in partnership with the City University of New York, titled "Personal and Consumer Finance." In certain situations, the FEC managers are trained to deliver the course, when needed, to quickly onboard new staff.
- *Ongoing professional development and continuing education for counselors:* Counselors benefit from additional training on specific financial topics depending on local needs, such as disaster preparedness and relief, student or medical debt, foreclosure prevention, and making referrals for non-financial services. Shadowing, on-the-job training, and supervisor observation are also core professional development methods. Building upon the basic skills of the mandatory and ongoing content training, coun-

[i] Based on overwhelming demand from the 48 cities who applied for this funding, the CFE Fund awarded In-Kind Technical Assistance grants to an additional 7 cities, helping them to plan for and launch Financial Empowerment Centers.

selors need on-the-job training on the data collection system used and methods for accurately identifying, recording, and documenting client outcomes.

Partnerships with Social Service and Community Partners

- *Integrating financial empowerment with city and nonprofit services:* Integration into social services is an essential part of the Financial Empowerment Center model. Depending on capacity and service delivery design, partnerships can range from targeted referrals to seamless joint-case management. In building true partnerships, financial counseling must be presented as a wraparound or extension of—not an add-on to—existing services. Partnerships should be built on opportunities for financial counseling to improve clients' social service outcomes and mutual programmatic goals, and effective partners ensure that caseworkers and other frontline staff understand the value of counseling to their core services. In addition, as outcomes take time to achieve, integrations should maximize opportunities and incentives for clients to attend multiple FEC counseling sessions. It is important to note that financial empowerment services are difficult to integrate into crisis-related services, as clients are more focused on immediate needs.

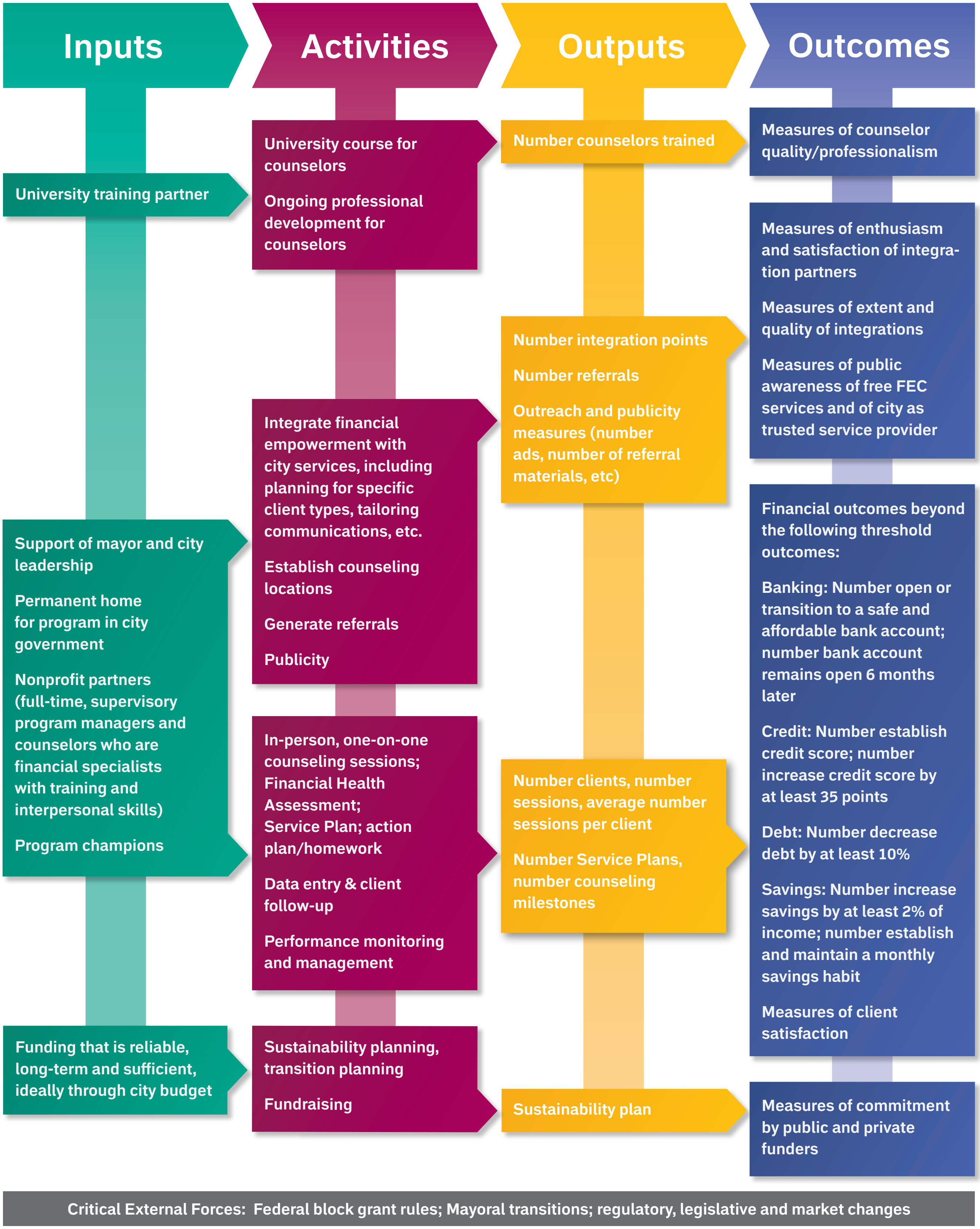
- *Integrations as formal partnerships:* Strong integration initiatives build internal relationships, explicitly documented in writing, to understand partner programs, educate partner staff on how the FEC complements their work, develop processes, identify appropriate clients to refer, train staff on how to make referrals, and formalize follow-up processes. Data-sharing agreements—and actual data sharing—are vital to understanding the results of integration, and are necessary for both accountability and sustainability. Regular reporting of outcomes and meetings with both integration partners and referral sources are the keys to maintaining fidelity and making course corrections.

Financial Counseling as a Public Service

- *Outreach and publicity:* A communications plan is necessary to advertise services to clients, raise public awareness, and attract local and national program champions. The plan must include a public awareness campaign to promote the FECs, with targeted messages to reach different audiences, including potential clients. Messages should emphasize the quality and availability of services, along with quantitative outcomes and qualitative success stories, and tap into available resources such as local 311/211 systems. In addition, communications efforts must address key sustainability stakeholders, such as city agency leadership, community advocates, and funders. To succeed, the FEC program must have champions in key sectors of municipal government such as the mayor's office, cabinet and city council, as well as throughout the community. Outreach and publicity are also important to ensuring widespread awareness so that services are delivered at scale.

- *Sustainability planning and fundraising:* To date, each of the FEC initiatives has launched with private seed funds, and each has been able to successfully tap into city, state, and federal funding streams to continue and sustain services. This was emphasized as a key model component from inception: long-term sustainability meant that the FEC is publicly funded—through city budget appropriations and/or state or federal funding streams—and embedded within the municipal social service infrastructure. To this end, the CFE Fund stressed that a formal sustainability plan must be in place to ensure ongoing support and resources beyond the pilot phase. The plan should anticipate counselor and other staff turnover, the typical complete turnover of mayoral staff after elections, and ultimately the need to replace seed funds with city budget appropriations or state/federal funding streams. Program leadership must identify key city agencies for potential funding and program location, build relationships with local and national private funders to raise additional funds for targeted research and pilots, and work closely with city agency and community partners to include FEC services in larger requests for public and private funds.

Figure 1 • Logic Model of a Municipal FEC Initiative



PART

1

The FEC Model

The FEC model is characterized by professional, one-on-one financial counseling, provided as a free public service to all residents. It was an intensive undertaking, involving counseling toward behavior change and specialized problem-solving that went far beyond traditional financial literacy education, and it required multiple sessions to see results. Municipal leaders worked with strong nonprofit partners to launch and implement the model, with some local variations. They hired and trained counselors with an emphasis on professional competencies in both technical financial content and interpersonal domains. They tested partnerships, locations and procedures to integrate financial counseling into a variety of municipal agencies and social service and community development organizations, using program data to find efficiencies in these relationships while ensuring that FEC services remained open to all.

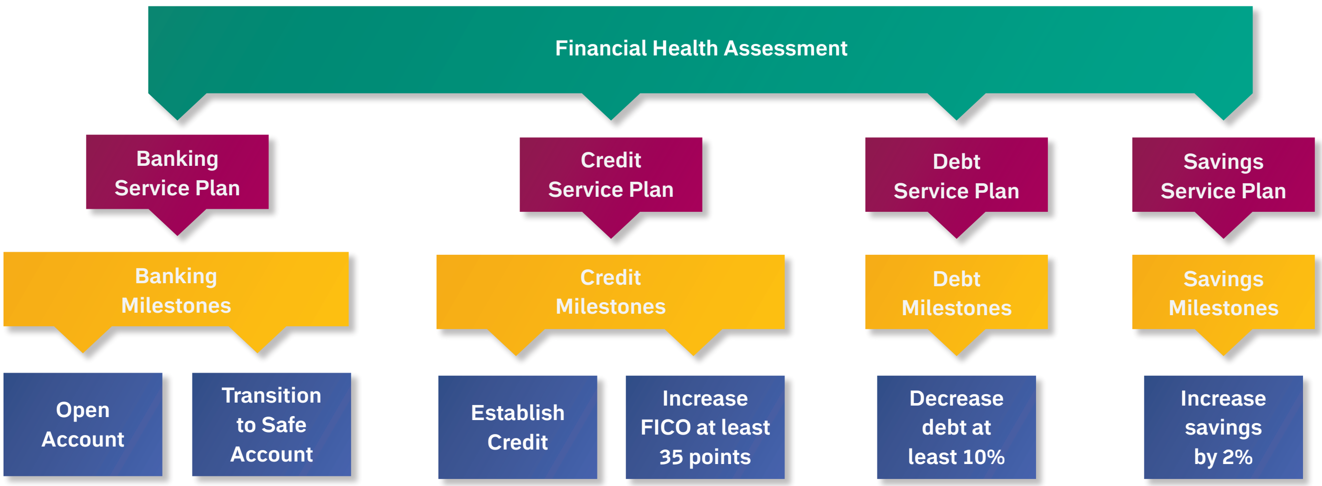
This section outlines the FEC model; describes the key partners and the role that each plays; and provides an overview of how FEC partnerships were established and strengthened. It discusses how counselors were hired and trained, with information on critical professional competencies. Finally, it provides an overview of the counseling work flow, explains how data was collected and used, and touches on the role of marketing.

PROGRAM DESIGN AND FIDELITY TO THE MODEL

The Financial Empowerment Center model is characterized by professional, one-on-one financial counseling, provided free of charge to all residents. Trained counselors conduct financial triage to determine the nature of clients' financial situations, set goals, and establish a specific action plan. Counselors track client data and outcomes aimed at measuring long-term financial behavior change to demonstrate program impact. The structure of the counseling sessions reinforced the importance of client-led services that empowered clients and strengthened their sense of agency in the process. To this end, counselors aim to establish an ongoing relationship with clients, emphasizing client retention, and work to connect counseling services with a range of city and nonprofit service delivery systems. The City leads program implementation and management, with services delivered by a nonprofit partner or city agency. All counselors are required to pass a CFE Fund-approved training course.

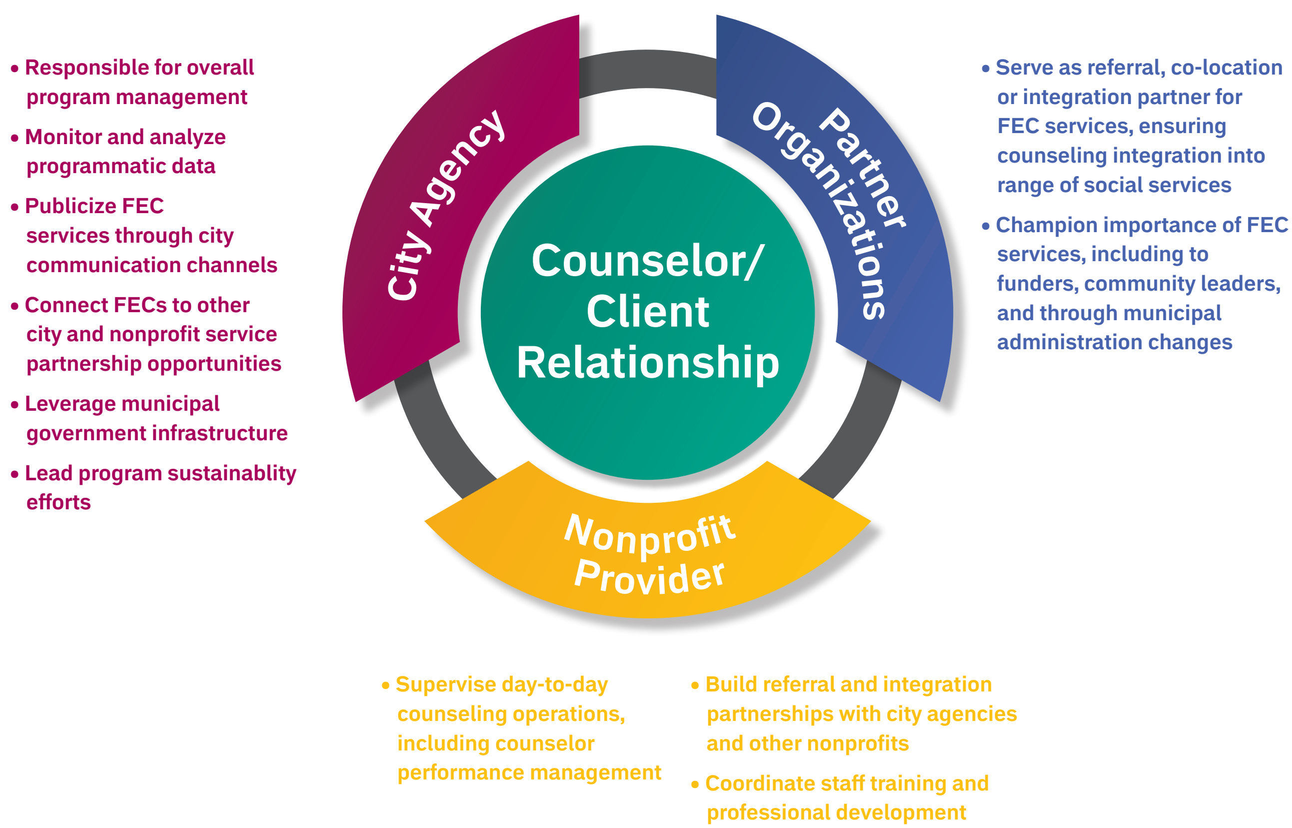
The CFE Fund initially instructed the replication cities on program design through the Request for Proposals for grant funding, in-person training, and the FEC Operations Manual. The manual explains the counseling model; describes data tracking and reporting, and how counselors could use data-driven counseling to help clients achieve financial outcomes; outlines definitions of each of the counseling threshold outcomes, as well as requirements for verification; provides communications and marketing guidelines to ensure consistent branding; and includes additional information for FEC managers on contract requirements, human resources, and fundraising.

Figure 2 • FEC Service Process



A theory of change (Figure 23) and logic model (Figure 1) for a municipal FEC initiative were designed by the CFE Fund in 2015 based on consultation with staff members who had led the New York City FEC implementation as well as with the city FEC managers and nonprofit providers from the five replication cities and several additional cities that are receiving technical assistance on replicating the model.

Figure 3 • Key Partner Roles



In interviews for this evaluation, leadership in each of the five cities expressed strong support for the FEC model and were enthusiastic about replicating the initiative. Each of the cities replicated the core components of the model, with minor local variations and adaptations. At the same time, cities took slightly different operational approaches, adapting the original FEC model to meet local circumstances. Cities varied in their staff hiring, training, and management approaches as well as their approaches to programmatic integration. Cities' demographic and institutional characteristics, the preexisting availability of financial inclusion services, and other management decisions affected the program's overall design and implementation.

THE ROLE OF THE CFE FUND

The CFE Fund provided central monitoring and oversight of FEC operations across the five replication cities. This included robust technical assistance on the model, implementation and integration approaches and strategies, establishing the counselor training course, and collecting data for performance management and to understand program impact. In addition, the CFE Fund built and maintained the Efforts to Outcomes (ETO) database system to collect and analyze program data, and aggregated and disseminated the five-city data to Bloomberg Philanthropies and other national stakeholders in the asset building field. The CFE Fund also negotiated a partnership between the Financial Empowerment Center cities and Experian, the credit reporting bureau, so that counselors could pull and share credit report information with clients. In addition, the CFE Fund performed program implementation oversight through regular check-in calls and site visits. Finally, the CFE Fund convened regular Financial Empowerment Center Learning Network meetings for both program managers and counseling staff, where they could share best practices and provide additional technical assistance and learning opportunities. Lessons from the FEC network were also shared with CFE Fund partner cities, such as the 15 members of the CFE Coalition and other project participants.

Financial Empowerment Center Learning Community

FROM THE INCEPTION OF THE grant, the CFE Fund committed to supporting a learning community among the cohort of five cities to share learnings, identify best practices, and problem solve in real time. Initially structured around annual convenings and periodic conference calls, elements of the learning community grew to include separate monthly calls with the city FEC managers, the nonprofit FEC managers, and (in the first two years) the counselors; an online, members-only messaging and document-sharing platform; and a total of five gatherings—three for managers, one for counselors, and one blended. The learning community itself grew to include four additional localities interested in replicating the FEC model for whom the CFE Fund was providing technical assistance (Cleveland, the County of Hawai'i, San Francisco, and Seattle).

The five cities were unanimous in highly valuing the annual gatherings, both for their content and for the cohort relationship that developed among the city and nonprofit FEC managers as a result of the in-person contact. Several observed that this relationship building contributed to the effectiveness of the conference calls and empowered the managers to call each other individually for information, problem-solving, and support. Some suggested continuing the gatherings after the end of the grant period.

THE ROLE OF CITY MANAGEMENT

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

"From the city perspective, one of the most rewarding aspects of the project was the relationships formed with other city managers… It is probably the best cohort of people I have worked with, despite the fact that we weren't even in the same city."

– City FEC manager

City government management allowed the FECs to enjoy a number of efficiencies. For example, city governments had procurement and fiscal systems that streamlined the selection and payment of nonprofit partners. They had communications channels, such as 211/311 systems, public transportation advertisements, public access media outlets, and social media platforms like Twitter and Facebook to raise awarenesss of services. They had legal departments that helped structure service contracts, MOUs, and other partnership agreements.

Despite the jointly managed structure of program management, few participants in the focus groups conducted by MEF Associates referred to the FEC as a specifically city program. More commonly, participants associated the FEC with the implementing nonprofit provider or the community-based partner organization at which they received the co-located FEC services. However, the FEC's alignment with the city aided its reputation as a trustworthy source of free financial counseling that had been vetted by public agencies. Participants shared that the free, publicly available nature of the program made it feel more accessible than private-sector financial counseling services that charged commissions or fees. In addition, some participants found the FEC by searching their city's website and therefore perceived the FEC as vetted by the city, so the alignment with the city created program credibility and participant trust from the beginning.

The Philadelphia local evaluators "heard from several FEC partners that their association with a program of the mayor's office conveyed a general sense of 'safety' and 'trust' to their client base. The fact that services were free, on-site, at convenient locations, and available to anyone on an unlimited basis greatly enhance[d] this positive image. Many partners cited the prevalence of unscrupulous and even predatory behavior on the part of many private sector financial counseling operations, especially in poverty-stricken neighborhoods. Therefore, the alliance with the city appears to be a critical advantage for FEC partners and their clients."[8]

THE ROLE OF NONPROFIT PROVIDERS

Four cities each partnered with a single nonprofit to be the provider of counseling services; San Antonio partnered with two nonprofit providers. Counselors were hired by the nonprofit provider, with input from the city government partners, and were almost always employees of the nonprofit provider.[9] Table 2 summarizes the resulting mix of implementing city departments and nonprofit partners, highlighting features of each that were especially relevant to their roles in implementing the FEC.

All five cities partnered with organizations with high visibility, strong reputations, and prior experience working with the populations facing financial instability. However, cities weighted these factors differently. Factors included:

- *Financial inclusion expertise:* In Philadelphia, Denver, and San Antonio, city staff emphasized that they wanted nonprofit partners with substantial prior experience providing financial inclusion services.
- *Access to target population:* In Lansing, the city partnered with a Community Action Agency already providing direct services to low-income populations, which provided an internal source of FEC clients.
- *Visibility:* In Nashville, the relative lack of existing financial service offerings prompted the city to select the United Way, which had a strong reputation in the field.

Table 2 • Positioning of City Agencies and Nonprofit Providers

FEC City	City Agency	Nonprofit Provider(s)
Denver	Denver Office of Strategic Partnerships • Strong mayoral buy-in • Previous experience with public-nonprofit ventures • The city has since created the Office of Financial Empowerment to scale up FEC services and other financial empowerment initiatives, such as Bank On, with funding from multiple agencies	*mpowered* • History of financial counseling including credit, debt, bankruptcy; experienced financial coaches on staff • Well-established partnership network with regular incoming referrals
Lansing[i]	Office of Financial Empowerment • Prominently placed in mayor's office • Individual economic development was a strong mayoral priority • The city created the Office of Financial Empowerment at the time it received the FEC grant	Capital Area Community Services • Local Community Action Agency • History of direct service provision for low-income populations, including emergency and utility assistance, homelessness prevention, and Head Start programming across its six locations
Nashville	Mayor's Office of Economic Development • Prominently placed in mayor's office • The city has since created the Mayor's Office of Economic Opportunity and Empowerment, which also oversees a number of other social services (affordable housing, workforce development, homeless services)	United Way of Metropolitan Nashville • Highly visible, with strong partner network • Direct service experience includes management of Volunteer Income Tax Assistance (VITA) programs
Philadelphia	Mayor's Office of Community Empowerment and Opportunity • Oversight of all anti-poverty program spending • The Office of Community Empowerment and Opportunity was created at the time the city received the FEC grant, bringing spending previously spread across several agencies under one poverty alleviation umbrella	Clarifi • History of financial counseling including credit, bankruptcy, and housing counseling • Preexisting referral partnerships embedded with several partners throughout the city
San Antonio	Department of Human Services • Strong buy-in from department leadership and connections to a number of city-run programs • San Antonio has a city council and city manager governing structure	Family Service Association • History of direct service provision with low-income populations, including emergency and utility assistance, early childhood education, career planning, and senior assistance United Way of San Antonio and Bexar County • Reputation for coordinating program sustainability • First program providing direct service

[i] In January 2016, after the evaluation was completed, Cristo Rey Community Center also became a FEC nonprofit provider.

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

THE ROLE OF COMMUNITY PARTNERS

A key part of the FEC model is to integrate financial counseling into the service streams of municipal and nonprofit agencies, especially those serving people with low to moderate incomes. Thus, an objective for each city was to develop partnerships that stretched beyond simple referrals, to the point that the FEC was an integral component of the cadre 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 programmatic integrations as critical to client recruitment, service provision, and continuous development of FEC services. At their best, integrations deeply embedded financial counseling into municipal and nonprofit programs and advanced those programs' goals, a key element of the Supervitamin Effect.

PARTNERSHIP PLANNING

The five cities' integration strategies evolved to varying degrees over the course of the grant. During the initial stages of FEC implementation, cities cast a wide net for partnerships, including agencies at which they intended to co-locate FEC services as well as agencies whose clients would benefit from a referral to their most accessible FEC site. The original integration strategies emphasized sending counselors to a wide range of service providers.

By design, FECs were open to the public without eligibility criteria or demographic/socioeconomic restrictions. Overall, the mix of people served across the five cities had many common characteristics. Within each city, the specific types of people served were largely driven by the ways that the FEC's partner organizations targeted their own outreach and services. Initially, cities had partnered with organizations serving a wide range of people with perceived financial instability or need for financial inclusion services.

Once cities established their partner network, they worked with partner organizations to develop procedures and incentive structures to increase the degree of programmatic integration. 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 workforce 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.

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.

Establishing Partnerships

Cities initially leveraged preexisting partnerships among city departments and nonprofits as a foundation for their integration and referral network. This initial strategy reduced up-front coordination costs while providing a foundation of trust and a routine of outgoing referrals to these organizations' programs. For example, in two cities, the nonprofit partner's reputation for financial counseling provided a familiar, trusted reference point as new partnerships were finalized and the agencies began referring their clients to the FEC. Cities and their nonprofit providers generally worked collaboratively to identify partners.

In addition to tapping preexisting relationships, cities also 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.

A number of cities developed written partnership agreements or memoranda of understanding to set forth specific expectations for both the FEC and the partner organization. Cities cited these written agreements as the ideal way to clarify roles and set expectations for counseling partnerships.

Program Adaptation: Tracking Participation in Partner Programs

ONE CITY MODIFIED ETO TO TRY TO CAPTURE which partner programs clients were participating in, at intake and throughout their counseling engagement. They hoped to use the data not only to better support client engagement, but also to analyze whether clients who were engaged in multiple partner programs were better able to achieve outcomes. They also planned to implement additional metrics with all clients starting in 2016.

Cities generally tried to develop a large group of partners in their initial partnership strategies, even if some of the relationships were less well established. This often included co-location, even if only for few days or hours per month. However, over time, cities began to narrow their efforts to focus on a smaller group of organizations where there was a clearer link between FEC services and the partner organizations' goals. Similarly, FEC leadership became increasingly attentive to the degree to which financial counseling fit well into the partner organizations' service delivery flow, using data to understand client show rates, retention, and outcome achievement and then adjust partnerships accordingly. In addition, the cities increasingly prioritized partners who provide case management services or longer-term services such as housing counseling or business development classes. This allowed the FEC counselors to work collaboratively with program staff who spent a more intensive amount of time with clients, and for counselors to work at locations that people attended on a more regular basis.

A municipal or nonprofit agency was most likely to become a strong FEC partner if it had (a) a specific organizational goal for the partnership, (b) organization-wide buy-in for, and awareness of, the FEC partnership, (c) 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 (d) managers who were able to tell their FEC counterparts how FEC outcomes would contribute to their program outcomes. Partner organizations that could articulate how financial counseling fit into their overarching goals worked with the FEC to develop specific service delivery approaches that helped meet those goals, a key approach used by cities attempting to realize Supervitamin Effects.

Similar results were observed by the in-depth formative evaluation commissioned by the Philadelphia FEC. They saw the strongest partners as having:

- *Mission focus.* Organizations with clearly defined and articulated missions seemed able to grasp the logic of embedded FEC services right off the bat and were able to integrate them into their own offerings fairly quickly.
- *Internal clarity on mission.* It was not enough just to have mission focus; staff members had to have a clear sense of the mission as well for FEC services to be integrated effectively.
- *Community reputation and clientele perception.* Organizations with high community regard and a reputation for being effective and caring lent an air of credibility when referring clients to the FEC counselors.

- *Senior management buy-in and championing.* Senior managers set the tone for frontline workers like case managers, lawyers, and business coaches. Having their buy-in from the beginning was key to successful service integration.
- *Program and policy hooks.* Organizations that were successful in generating internal referrals to FEC were generally able to do so by creating hooks into their own programs and policies.
- *Advantageous location within host site.* The physical location of the FEC counselor within an organization's building seemed to make a difference for successful service integration, particularly in terms of promoting FEC services to staff and clientele.
- *Organizational culture.* The way a FEC counselor was welcomed by host organization staff set the stage for service integration.
- *Foot traffic.* Organizations with many people flowing through enjoyed strong FEC client activity.
- *Client motivation and frame of mind.* Organizations with clients who were highly motivated to address their personal situations (whether they had financial-related issues or otherwise) seemed to have greater success integrating FEC services.[10]

Developing Partnerships Into Programmatic Integrations

There were three stages of partnership: referral-only, co-location, and programmatic integration. Although FEC personnel generally believed that programmatic integration was the best route toward client outcomes (and perhaps the only route to measurable Supervitamin Effects), it was also true that many people who made appointments on their own, or who came to the FEC through a referral-only or co-location partner, achieved significant outcomes. Thus, referral-only and co-location partners effectively recruited people who could benefit substantially from financial counseling, as did various forms of marketing. Moreover, some partnerships would never evolve to full programmatic integration due to factors such as leadership buy-in or agency work flow. It is important to recognize referral-only and co-location partnerships not only as steps toward programmatic integration, but also as valuable and potentially permanent approaches.

Nonetheless, the stages of partnership provide a framework for thinking about a FEC's progress toward programmatic integration and the tradeoffs between different partnership stages as they relate to participant recruitment, program operations, and participant outcomes.

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.

For example, two emergency services organizations in one city routinely referred their clients to the main FEC site. They characterized the FEC as one of the most common referrals they made; however, they did not house a FEC counselor on-site or track attendance or participant progress at FEC sessions.

> ***"Referrals increased after an in-depth training for city staff that focused on the benefits to their clients and the importance of integrating financial counseling to their existing services. We plan to use this strategy to strengthen other referral partnerships."***
>
> ***– City FEC manager***

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. In some cases, partner staff saw the on-site counselor as a team member providing services beyond their own abilities; however, they tended to present financial counseling as an additional service available for their clients rather than an integral part of the host organization's services.

Co-location partnerships were especially prevalent among employment-oriented partners. For example, a welfare-to-work program for public assistance recipients in one city had FEC staff on-site; case managers would routinely refer their clients to the FEC counselor. While the FEC counselor talked about the ways in which she helped clients think about their long-term financial goals, she indicated that there was little communication with case managers regarding client progress or how FEC services aligned with the education and training services offered by the welfare-to-work program. Similarly, career coaches at a US Department of Labor American Jobs Center in one city referred their clients to the on-site FEC counselor and emphasized that she should be seen as a member of the center's staff. However, despite the counselor's being on-site, formal feedback loops about client progress were limited by data-sharing rules and competing priorities for time; therefore, there was no ability to track the effect of FEC counseling on employment-related goals. This represents co-location without deep programmatic integration.

"Developing true integration of services with both of these agencies has been challenging. Both have agreed to make regular referrals to the FEC program, but referral numbers do not reflect true integration. It is more of a partnership that allows us to use space within their building."
– City FEC manager

Co-location also served to increase accessibility for geographically isolated populations. In cities where public transportation did not reach all parts of the community, the ability to meet with their counselor at a convenient location was critical. Even if the people had limited connection to the organization where the FEC counselor was housed, this partnership strategy served to increase the accessibility of FEC services.

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. The factors affecting a strong partnership (clear articulation of overlapping goals, etc.) were most likely to be in place. 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. For example, some organizations conducted extensive intake before referring clients to the FEC among other service options, making the FEC's extensive intake process seem like an additional and duplicative barrier to obtaining services. In contrast, at organizations where the FEC counselor provided a unique service, the intake, goal-setting, and outgoing referrals involved in the initial counseling session seemed more distinct and less duplicative for clients. This perceived specialization added credibility when coupled with partner staff recommendations, and reduced confusion for clients who were interacting with a number of caseworkers.

Many of the strongest programmatic integrations involved organizations with case managers or de facto case management staff. At organizations without case management staff, FEC counselors were at risk of taking on a full case-managing role when clients had additional needs beyond financial issues.

Partnership Development Strategy: Formalizing Partnerships

Some FECs developed formal partnership agreements with key partners. The goal of these agreements was to ensure that both the FEC and the integration partner were fully aware of their roles and responsibilities, as well as to provide a pathway for more seamless inclusion of financial counseling with the partner organization's services, including through processes such as data-sharing.

One approach was to formalize partnerships through Memorandums of Understanding (MOUs) between the FEC, the nonprofit provider, and the integration partner. The clauses in these agreements ranged from purely operational responsibilities to process-driven ones. In these agreements, formalized responsibilities on the part of the FEC usually ranged from the number of counselors dedicated to the partnership; the hours of operation of the integration; aggregate client data sharing; training for partner staff; and monthly rent for the space (if applicable). On the part of the nonprofit partner, formalized responsibilities included the target goal for the number of clients; inclusion of the financial counseling services in general outreach efforts; participation in regular operations meetings with the FEC program manager; monitoring of the client referral process; and FEC signage and private space for FEC counseling.

Cities also explored formalizing partnerships through data-sharing agreements. This was of interest especially to partners looking to identify Supervitamin Effects of counseling through programmatic integrations. For example:

- A FEC counselor regularly sent case notes to clients' parole officers. Additionally, the FEC shared a spreadsheet with the parole office that listed all of the parolees who received FEC services, and included their initial debt, reduced debt, and financial goals.
- In another city, the Human Services department regularly received data on FEC attendance among homeless individuals who had been referred to the FEC.

Key elements of data-sharing agreements typically included: identified indicators to track to determine Supervitamin Effects; a client consent process and consent form language; agreement on data retrieval and sharing methods; detailed data security methods; and an outline of data usage. For example, one agreement stated "In providing services to FEC clients, [the nonprofit provider] may collect and obtain personal financial information from clients including Social Security numbers, account information, and credit reports. In order to better serve clients in their goals to attain economic self-sufficiency and so long as the client has given full consent to the data-sharing process, [the nonprofit provider] has agreed to share data regarding clients seeking counseling through the FEC at [the partner organization] and [the partner organization] has agreed to share any data it collects from FEC clients to [the nonprofit provider] and the City."

Strengthening Partnerships: Moving From Referral to Integration

Cities and their nonprofit providers developed a variety of specific strategies to strengthen partnerships and build them into programmatic integrations. Some strategies focused on increasing client engagement or retention, sometimes through the use of incentives. Strategies that aimed at integrated service delivery often used policies or procedures to enable FEC counselors and partner staff to collaboratively assess clients' needs and track progress toward clearly aligned programmatic and financial goals. This coordination, in turn, improved clients' probability of achieving programmatic outcomes as well as financial outcomes.

Partner organizations implemented several specific strategies to systematically incorporate FEC services into their regular work flow: client engagement strategies including required sessions, incentives, and multiple FEC entry points, and partnership development strategies such as coordinated case management and robust data-sharing agreements. Each is discussed in detail below.

Client Engagement Strategy: Required Sessions

In order to ensure that their clients would attend FEC counseling, several partners made it a condition for service delivery or program completion. At some organizations, required sessions were tied to immediate material provision such as rent or utility assistance, while at others the required sessions were clearly linked to longer-term client progress at the referring partner organization.

Examples of required sessions linked to immediate material assistance included:

- A utility assistance program required participants to attend an introductory FEC session as a condition of receiving utility assistance.
- A city housing agency required FEC session attendance as a condition for housing voucher receipt.

Examples of required sessions linked to longer-term goals included:

- Parolees in the county's housing program were required to attend FEC counseling sessions at least monthly in preparation for moving out of housing.
- A nonprofit housing provider mandated FEC attendance for mortgage-delinquent homeowners to craft a realistic payment plan.
- A city housing agency required participants to attend FEC sessions for their escrow savings program, which helped them save toward the purchase of a future home.

Client Engagement Strategy: Incentives
In some cities, people received financial incentives from the partner agency to attend sessions or upon achievement of outcomes. These incentives were intended to drive recruitment as well as sustained engagement in the program as clients worked toward longer-term outcomes.

Examples included:

- A city housing agency offered late-fee removal for tenants who attended at least three sessions ($25 value). Beyond three sessions, they could earn $10 gift cards for each additional session they attended.
- At a homeless shelter, residents earned engagement points that they could spend at the on-site café in return for their FEC session attendance. This incentive was comparable to the points they earned for attending any of the educational or job-readiness classes offered on-site.
- For Temporary Assistance for Needy Families (TANF) recipients, FEC sessions were considered an allowable activity as part of TANF work requirements; recipients could receive $25 a session for the first three sessions.

Client Engagement Strategy: Multiple FEC Entry Points
Strong programmatic integrations tended to have multiple, well-defined points along the continuum of services at which program staff would direct their clients toward FEC counselors for specific, aligned services. For example, partners representing the deepest degree of programmatic integration referred clients to the FEC at intake, during classes, in one-on-one meetings with caseworkers or program staff, and upon completion of program outcomes in order to help clients plan for the next step. The variety of entry points reinforced the importance of the referral and built the reputation of the FEC as a trustworthy referral. Management believed that, over time and through repeated referrals to the FEC, a person's knowledge and attitudes would shift, leading them to accept a subsequent referral even if they were not inclined to do so initially. For example:

- Staff at a nonprofit housing partner routinely referred potential homebuyers to FEC counselors at all stages of the application process (e.g., application, post-denial letter, pre-ownership classes), and counselors' contact information was included in mailings sent out to all applicants deniedfor the program. Moreover, program staff could clearly describe the benefit from visiting the FEC counselor as it related to a person's goal to be approved for the homeownership program. In one city, FEC counselors shared session attendance with the partner organization staff and spoke with them informally about clients' progress toward debt reduction, which was critical for the mortgage approval process.

> ***"It has been much easier to integrate with nonprofits because of their smaller size, ability to make changes rapidly, and not as many policies and procedures to deal with."***
> ***– City FEC manager***

- Denver implemented a FEC referral "button" in the Denver Human Services' (DHS) internal data platform for client social services, which prompted caseworkers to refer clients to FEC services with one click. This allowed for a seamless referral process between other social services and the FEC, integrating FEC services into the DHS system. This example demonstrates how the FEC became a part of municipal service delivery process through embedded technology.

Cities also experimented with a number of strategies to build and develop their integration partnerships, detailed below.

Partnership Development Strategy: Coordinated Case Management
In several cases, partner staff and FEC counselors regularly discussed their shared clients' progress toward programmatic and FEC goals. Staff at these organizations talked about how this relationship enabled them to work with the FEC counselor as a coordinated team to support clients' long-term goals. Partners developed multiple strategies to facilitate this coordinated discussion, including designating staff to support the integration, regular integration team meetings, attendance-tracking mechanisms, and data-sharing agreements to discuss specific client case details.

For example:

- A small business incubator had a designated Integration Manager who worked with multiple on-site partners (in addition to the FEC). Referrals to the FEC were treated as a core outcome at the organization. Intake representatives screened and referred clients to the FEC upon entry. With multiple cohorts per year, the program provided a steady flow of recruits for financial counseling.
- At a homeownership program for first-time homebuyers who were primarily Spanish-speaking, everyone who attended the homeownership workshop was encouraged to meet with a FEC counselor, who was co-located and Spanish-speaking. Participants signed release forms to allow homeownership staff to share information with FEC counselors.

Evolution of Partnership Strategies Over Time

Table 3 shows the full range of partner organizations that the FECs worked with over the course of the grant and the city FEC managers' assessments of their level of partnership by the end of the grant. Some cities expanded services geographically to serve a broader range of neighborhoods and populations, but over the course of the grant the FECs in all five cities reduced the number of partners with whom they co-located counselors. The cities used data reports and counselor feedback to identify co-location partners with lower session counts and fewer referrals, and gradually shifted counselors away to other sites, increasing the number of days counselors were co-located at sites with better-suited target populations.

Table 3 • Partner Types and Integration Levels

	Number of Partnerships Across FEC Cities		
	Referral-Only	Co-location	Programmatic Integration
Total	**268**	**29**	**57**
Multi-service organizations	45	5	18
Housing (rental/homeless support)	40	4	3
Other	38	2	2
Workforce/employment	25	4	6
Health/mental health	24	—	5
Food/emergency aid/income support	18	3	6
Legal services	11	5	—
Parents	11	1	—
School/college/adult education	11	—	4
Corrections	10	—	—
Homeownership	8	—	6
Domestic violence	6	—	—
Entrepreneurship	5	—	4
Utility services	4	—	—
Bank On	3	—	—
Tax assistance	3	1	1
Veterans	3	2	—
Temporary Assistance for Needy Families (TANF)	2	—	—
Library	1	2	2

Cities tended to deepen their relationships with a subset of original referral partners, prioritizing partnerships with agencies where organizational goals and staff articulation of the alignment were strong, and where the data indicated a more consistent flow of referrals. By late 2015, the primary partnerships in each city were with partners who were willing to make operational changes to incorporate FEC referrals into their regular work flow or for whom program outcomes were better integrated with FEC outcomes. Cities suggested this approach—casting a wide net and later concentrating services at their most well-aligned partners—was a valuable process that enabled them to create a successful mix of partners.

The process of refining partnerships was not unilateral. For example, Nashville held a partnership summit, featuring existing and potential new partners. Half of the two-hour agenda was dedicated to existing partners describing the process and results of their integrations. Nashville also surveyed existing and potential partners about their clients' needs, how the FEC could better work with them, and other process improvement opportunities. In the course of Philadelphia's local evaluation, several partner organizations suggested convening the full group of FEC partners "for brainstorming and best practices sharing. How are other sites integrating financial counseling into their program offerings? How can they work with FEC to identify clients with the best prospects, and work alongside each other to help clients reach milestones and reach meaningful outcomes? Most important, what are the benefits—to the organization and their client base—to being an FEC partner, and how can this be tracked? The fact that several FEC partners suggested this speaks to generally good intentions on the part of FEC partners… which could be converted into practical expectations."[11]

Successful Social Service Partnerships

Counseling conducted at FEC Hub sites (a FEC's primary location, with one or more full-time counselors) tended to serve a heterogeneous population—people may have been referred from a variety of sources, or sought out FEC services on their own in response to marketing. Counseling conducted at co-location sites tended to serve more specific populations sharing socioeconomic characteristics, housing status, or employment and business goals.

The populations the FECs served evolved over time to align with the populations targeted by their most successful co-location and programmatic integration partners. Over time, cities' experiences and data analysis revealed that a population's need for financial assistance alone was insufficient to generate a reliable flow of referrals or, especially, follow-up sessions—just establishing the partnership and waiting for client demand to drive counseling sessions was not enough. Rather, the partner agency's investment in and dedication to the referral relationship were more important for successful recruitment and retention than the population type served by a given partner.

Certain types of social services seemed to lead to more successful integrations than others. In general, program management and counselors noted that some groups of clients, such as small business owners, parolees, and Head Start parents, had been especially receptive to FEC services, in part because of buy-in from their respective programs' senior management. By comparison, FECs had less success in establishing steady referral streams and retention with people seeking utility bill assistance, job seekers, or walk-ins at municipal human services organizations. However, there were important exceptions:

- FECs initially sought partnerships with workforce agencies given the perceived linkage between unemployment and financial health. At some sites, FEC counselors were co-located at employment resource centers so that job seekers could access FEC counselors on their own. With other workforce partners, case managers referred their clients to FEC counselors on a required or strongly recommended basis, and then checked in with FEC counselors on clients' progress. As cities refined their partnership strategies, workforce agencies proved to be strong partners in some cities but not in others.
- Most cities found over time that people in crisis situations (e.g., homelessness or housing instability, domestic violence, threat of utility shut-off) were typically less well-suited for a long-term counseling relationship. People in crisis were experiencing an often traumatic, stressful, and unstable period in their lives, and cities found that many were not ready to address long-term financial goals. Some needed short-term, directive advice or mental health counseling beyond what FEC counselors could provide. Some FECs reduced their focus on emergency shelters and homeless

populations in favor of populations where there was less emphasis on immediate crisis management. Two cities tied receipt of utility assistance to participation in the FEC but found that these referrals did not yield many ongoing counseling relationships. In contrast, one city explicitly and successfully targeted people who were homeless, seeking emergency services, or in crisis, based on strong organizational partnerships with the agencies that serve them.

- Three cities had strong partnerships with transitional housing programs. The staff in these cities emphasized that this population was well-suited for FEC services because they had some degree of stability. Though the stability was temporary in nature, financial counseling could help support the transition to permanent housing. Several of these transitional housing partnerships focus on serving single-headed households with children. Similarly, two cities initially targeted people living in permanent, subsidized housing through partnerships with public housing authorities.

Thus over time, the FECS saw shifts in the population being served, and these shifts were largely driven by partnership dynamics.

COUNSELORS

Center managers looked for a variety of different skill sets when hiring counselors. 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, problem-solving, and interpersonal skills. 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. Counselors also identified a number of topics for additional training efforts.

HIRING AND RETENTION

Across all five cities, nonprofit FEC managers, working closely with the city program managers, recruited, hired, and trained new counseling staff to deliver FEC services. Cities primarily hired external candidates, though nonprofit partners with histories of direct service provision were more likely to transfer existing staff into FEC counselor positions. This was most common when those staff had prior experience doing housing counseling or other work that was directly analogous to financial counseling.

Management shared some common approaches to hiring across all cities, such as generally emphasizing aptitude for working with low-income populations over financial services backgrounds. While some cities prioritized particular individual backgrounds or attributes, other cities looked holistically at the entire cohort and hired for different, complementary skills.

For example, management in one city prioritized individual empathy and the ability to build trust with vulnerable populations over financial services experience. Management said that while financial knowledge could be developed through training and on-the-job experience, they had learned through previous work with financial counselors that personal empathy and the desire to work with people was the critical attribute to target for the financial counselor role.

By contrast, management in another city prioritized diverse skills and personalities, explicitly hiring a cohort of counselors with complementary skills on the premise that they would learn from each other, rather than seeking to embody the full set of skills or traits in each individual counselor. While experience with financial services was one of the attributes management sought, they also explicitly targeted candidates with previous case management and nonprofit experience, legal support services, or demonstrated cultural competency skills. At the same time, city management stressed that they based hiring decisions on perceived "passion for community improvement" over specific professional skills. Both cities also stressed the importance of hiring counselors who had proficiency in languages prevalent among the target population.

In half of the short interviews and three-quarters of the in-depth interviews conducted for this study, counselors cited prior work experience as a source of their financial expertise. They were drawing on a wide variety of experiences. For example, a counselor who previously worked as a bank teller noted that she had worked in a college town, which meant she ended up working with numerous young people who were setting up bank accounts for the first time. She felt this made her well-equipped to help her unbanked clients go through the process of setting up checking or savings accounts.

Retention and staff turnover varied, though all cities retained at least some of the original staff recruited during implementation, and no city identified staff turnover as a significant issue affecting operations.

Work-life balance was important to all cities, but management in one city most explicitly emphasized self-care to prevent counselor burnout and improve retention. As a whole, the nonprofit partner employed a large number of financial counselors beyond the FEC team, and had developed its own staff development infrastructure over time. In addition to messaging the importance of self-care, the relatively robust set of in-house professional development opportunities allowed counselors to reflect and work on personal goals and supported their often emotionally stressful counseling work. Another city also focused on personal support for the FEC counselors, hiring a communications expert to hold group sessions on stress management monthly, and paying for up to five hours of additional one-on-one support. The expert gave counselors advice on challenges they were facing, and conveyed issues anonymously to the city and nonprofit implementation managers. The city FEC manager credited this program for the retention of at least two counselors who would otherwise have left their positions.

PROFESSIONAL COMPETENCIES

For this evaluation, the working definition of competencies is a "defined suite of skills and knowledge to strive for in … personal and professional development. They provide educators

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

with guidance on what is important in … education and training. And they provide those who have a need for … services with a view of what they can expect from a professional."[12] The exploration of counselor competencies aimed to develop evidence about which skills or qualifications make counselors most effective at helping clients achieve financial outcomes. The emphasis on client outcomes was intended to separate topics that may simply sound important from those that concretely support the FEC goal of increasing peoples' financial capability. All counselors interviewed were asked to describe what knowledge or skills most contributed to their success in helping clients get results. In addition, a number of counselors were selected for in-depth interviews based on data suggesting that they were particularly effective at generating client outcomes.

Technical Expertise

Counselors emphasized that the wide array of financial circumstances that they were working to address required fluency and facility with financial products, rules, and regulations. They talked about the importance of developing and maintaining the necessary technical expertise to provide clients with accurate, well-informed information.

When talking about the financial expertise they use to help clients achieve results, most counselors mentioned their knowledge about credit reports, credit scores, and debt—and their skill in explaining these topics to their clients. Counselors believed they must have expertise in this domain because it was the most important area in which clients could achieve results: for example, they said that they "focus on credit reports as they dictate so much of a person's finances" and "credit reporting can have a major effect on their life."

Specific areas of knowledge and skill included:

- *Debt generally:* how credit works; types of debt and how they relate to income; options for dealing with debt, prioritizing repayments, legal issues and implications of debt settlement, payoff, and consolidation; lenders' rights.
- *Credit reports:* how to read and explain a credit report, how the credit reporting system works, how to transfer debt to a new Social Security number (for undocumented people), how to engage with credit bureaus, and the life cycle or aging-off of debts.
- *Credit scores:* how they are calculated, how lenders look at them, which debts have the most impact on scores, and how to improve credit scores.
- *Skills related to disputes and negotiations:* writing dispute letters; proactive engagement and negotiation with creditors/collectors; resolving conflicts/disputes with credit card issuers.
- *Knowledge about student loans:* forgiveness, rehabilitation, and repayment options; private lenders.
- *Credit-related tools and products:* calculator to reduce debt; credit-building tools and tips.

Budgeting expertise was also cited frequently as a key to achieving client results. As in the credit/debt domain, counselors emphasized their skills in explaining budget concepts, including living below your means, spending ratios, and wants vs. needs. They also cited skills using budgeting tools including a monthly expense plan or daily expense sheet and budgeting apps or technology. Other specific budgeting skills included creating budgets, income/expense cash flow, and prioritizing expenses.

In the banking domain, the actionable skill cited was being able to "open accounts on the spot." Counselors cited a variety of banking knowledge, from how banking works and having relationships with banks to banking products, credit cards and other financial products, monthly fees, and affordable banking options. Other areas of financial expertise cited in counselor interviews included consumer rights, referral to outside resources, and a wide variety of special topics.

Diagnostic and Goal-Setting Skills

Counselors said they must be adept at probing clients' larger financial context in order to understand the core challenges they face. Several said they used the process of developing a budget to get a tangible picture of a person's actual financial circumstances.

Counselors frequently cited the importance of goal-setting knowledge and skills, including the ability to:

- Identify clients' goals and desires (including emergency funds, long-term goals, and moving away from credit and loans).
- Help clients adjust their goals by making them realistic, explaining that there is "no quick fix," and prioritizing appropriate next steps.
- Give clients an action plan, help them see the big picture, and break it down into attainable steps.
- Coach clients to start and finish their goals, remind them of their goals, reassess goals, and find opportunities.

Problem-Solving and Interpersonal skills

The specific financial questions that came up during sessions were unpredictable. Counselors consistently emphasized the importance of being aware of the array of resources available to help their clients. Given the diversity of issues that clients presented, the ability to quickly identify the appropriate resource was critical in order to support their needs and build their trust in the counselors as dependable sources of information and guidance.

One counselor characterized the FEC work as "toolbox-based counseling" and described the importance of having a wide range of resources, including solutions to common questions, at their disposal to meet the diverse set of client needs.

"Demonstrating: doing calls with clients to show them how it's done."
– FEC counselor

When talking about the interpersonal skills and characteristics that enabled them to help people achieve financial outcomes, every counselor described actions related to building relationships and rapport. All of the counselors emphasized that effective FEC services were contingent on counselors' ability to quickly develop strong rapport with clients, building trust and creating a foundation for a longer-term relationship.

Counselors frequently cited as critical skills and behaviors pertaining to listening, active listening, or reflective listening. Counselors also talked about the ability to understand clients' lifestyles or where they were coming from, and the ability not to interrupt clients who are emotional, to give clients time to explain and to validate their feelings.

In learning from clients, a key theme was the need to personalize services while maintaining professional boundaries. Several counselors emphasized the importance of professionalism and maintaining boundaries. However, the counselors also indicated that some degree of personalization in the process could help engender the trust people must have if the counselors' advice was to resonate. One counselor saw a benefit in speaking about tools and behaviors that work for her, personally: "If they trust me and know it works for me, then they are going to want to try themselves." Similarly, another counselor emphasized the importance of making a connection with clients to set them at ease and personalize the interaction, along with behaviors related to body language and creating a comfortable physical environment.

"It wasn't so much that [I] needed to know what to do, some of it was having a sounding board. There were some days when [I] would have full meltdowns in there."
– Focus group participant

Also related to information flowing from counselor to client, they described skills in delivering the financial content of the counseling session such as: providing clarity and simplicity, using different scripts based on clients' level of understanding, avoiding jargon, and breaking down material; setting expectations about FEC services and affirming the privacy of information; demonstrating and educating; identifying the main financial problem among many, determining priorities, reassessing and reminding clients of their goals; giving a summary of the session; getting clients to understand that their finances are important; and promoting the benefit of being financially secure.

In the same category, counselors connected client results to their efforts designed to make clients take action, including giving clear instructions, assignments and materials to take home; identifying and summarizing action steps and asking clients to paraphrase what they learned in the session; conveying that the process was interactive and required client engagement; asking whether clients are willing to commit to the process; and helping them become committed and dedicated to their goals.

Counselors underscored the importance of empathy, noting that it was not solely for the purposes of customer service and showing respect. Counselors relied on their empathy to draw out the underlying issues of financial instability that affected the presenting problem of clients who were referred by partner organizations. With a client facing eviction, for example, a counselor's genuine interest in the client's broader life circumstances would help her to identify the underlying issues contributing to that eviction.

The most experienced and productive counselors emphasized that a core skill of the job was self-care or the ability to manage time in such a way that they did not feel overburdened. These counselors indicated that the counseling sessions were often quite emotional, with clients crying or sharing very personal stories that dealt with loss or sorrow. While clearly taxing for the clients, counselors said that these experiences also took an emotional toll on themselves, too, especially in the context of a stressful work schedule that often included multiple back-to-back sessions in a single day.

Professionalization Initiative

THE GROWTH OF THE FEC MODEL TAKES place amid a larger trend: over the last several years, large-scale investments in one-on-one financial counseling and coaching programs have grown exponentially. Private funders, federal agencies, municipalities, and nonprofit organizations have been demonstrating that free one-on-one financial counseling and coaching services can be delivered at scale by trained professionals, with measurable client outcomes. There is a growing consensus that the key to demonstrating the value of these investments, and therefore sustaining and growing them, is this growth toward the professionalization of the field.

With this in mind, the CFE Fund has engaged in a collaborative effort with field stakeholders to document and advance current thinking, priorities, and progress toward professionalizing the field. Initial work has included a field conference and the release of an accompanying journal detailing stakeholder perspectives on quality, accountability, consistency, and community—the key pillars of any professional field. The CFE Fund continues to work with partners to advance these critical efforts.

TRAINING AND PROFESSIONAL DEVELOPMENT

Initial Training

The FEC model includes an emphasis on standardized training, ideally delivered in partnership with a local community college. This emphasis ensured that city leaders and program managers could rely upon a sufficient, consistent baseline of financial knowledge. Partnering with a local community college enabled cities to offer the training to both FEC counselors and the general public, including case managers from other social service disciplines.

Following the FEC model, each city provided formal, standardized training at the outset of the initiative to all counselors, as well as more specialized training that varied across the cities. 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; home ownership; current regulations and practices governing consumer financial transactions, including consumer protection laws, fair credit and collection, bankruptcy, banking services and products, insurance, and investment; basic negotiating skills; financial counselor roles and skill sets; planning for education, retirement, and basic investments. The course also covered the types of issues that counselors needed to refer to other trained professionals—typically these were complex legal issues. At the start of the grant period, once partner cities were chosen, professors from each partner community college came to New York for a train-the-trainer session focused on this counselor training course.

Counselors received the initial training in a variety of settings. Those who started at the beginning of the initiative, or who were hired at the same time as other counselors, attended in-person trainings taught by local community college faculty. Those hired at a later date and not as part of a cohort took a version of the training that was more reliant on self-paced learning; in some cases, the city FEC manager and/or nonprofit FEC manager taught the curriculum to newly hired counselors.

Interviewed counselors overwhelmingly recognized the importance of the initial training. Most commonly, they agreed that the training provided an introduction to the core financial concepts counselors were likely to encounter. For example, one counselor noted that the training provided information on the basics of debt collection. Another counselor emphasized that the most valuable aspect of the training, which she attended in person with other newly hired counselors, was that it provided a dedicated time to interact with her peers. A counselor who took the training online noted that her supervisor served as mentor during the training process, and that it provided an opportunity for constructive one-on-one interaction.

However, while appreciating the opportunity to build and reinforce their financial knowledge, most counselors asked for additional topics to be added to the training as they gained more counseling experience. First, counselors cited the need for more focus on the counseling dynamic and building counseling skills. With hindsight, counselors wanted more initial support for the interpersonal skills required to be an effective FEC counselor, such as motivational interviewing or crisis management. They suggested the training should include opportunities to role-play. While these topics were covered in detail in the initial curriculum, counselors and managers agree that identifying high-quality instructors and building out practical experience as part of the training approach is key.

Second, as they became aware of additional client needs as they gained experience, counselors wanted additional details about the specific financial situations faced by low-income people, including practical methods for working with clients to apply the core financial concepts. Examples of areas where they suggested more details would have been helpful were: credit counseling and negotiating with creditors, consumer and bankruptcy law, and student loans. They suggested building in opportunities to practice these and other technical skills in a training environment.

Continuing Education

In addition to the initial training, management in each city provided substantial supplementary trainings to FEC counselors based on client needs. These trainings focused both on financial skills and knowledge and on counseling skills, and were usually coordinated by the lead nonprofit agency and presented by guest speakers. They included defined trainings designed to build a specific skill, and presentations by partner agencies or other social service providers designed to give counselors more insight into the characteristics and needs of a specific target population. Counselors from each of the cities emphasized the importance of supplementary trainings they received, citing both on-the-job training and on-the-job experience as valuable for building their financial expertise and interpersonal qualifications.

Topics were specifically mapped to the training needs within each city based on the requests of individual counselors as well as management observations regarding specific areas where added skills could support improved outcomes. Specific professional development topics included:

Interviewing and leadership training. Several cities emphasized trainings for staff that built leadership and interviewing skills. Several counselors talked about the benefit of training on motivational interviewing, and one city hired a trainer to deliver a series of leadership seminars to counselors.

Specific financial topics. Counselors identified multiple areas where additional training enhanced their ability to address clients' specific financial circumstances. For example, counselors noted that training on foreclosures, bankruptcy, and housing issues were especially helpful. Others cited useful training on taxes, Individual Development Accounts (IDAs), and debt basics. Counselors who had prior financial services experience were less likely to highlight the need for additional training on specific financial topics. However, they also noted that their peers who had less relevant financial experience did benefit from supplementary trainings in these areas. Moreover, all of the counselors emphasized that having to deal with changing financial rules and regulations along with the wide variety of financial issues encountered by their clients made ongoing professional development in this area critical.

Other social service needs of clients. Some counselors, especially those without prior case management experience, discussed the value of trainings that increased their awareness of the circumstances facing low-income populations and the available resources within their

communities. In some cases, these trainings focused on the broader issues associated with poverty—for example, the Bridges out of Poverty training. Other counselors discussed trainings on more specific issues or benefits systems that affect many of their clients, and that they therefore needed to master. For example, understanding the child support system would enable them to better support people seeking debt reductions or modifications to their child support orders. Understanding how earned income can effect Social Security, Disability Insurance, and Supplemental Security Income benefits was also mentioned. Additional examples include: child abuse prevention awareness, how to support reentry of previously incarcerated individuals, understanding the role of financial instability and control in domestic violence situations, and recognizing mental health issues. Finally, counselors in three cities noted that management made the effort to educate staff about the broader social service system in their city. This included speakers from these organizations or resource directories that made it easier to make referrals. Counselors saw stronger relationships with referral partners as not only increasing the effectiveness of the referral, but also offering an information resource. For example, a counselor who had a good relationship with a case manager at a chemical dependency program could turn to that case manager with questions about how to support someone facing chemical dependency issues.

Peer-to-Peer and Self-Directed Professional Development

All of the counselors interviewed at length discussed the value of having a group of peers to whom they could turn for resources. Counselors typically relied on fellow counselors as sources of peer support for challenging cases or counseling strategies. Peer support took place through formal staff meetings as well as individual interactions. These interactions provided a forum for discussing particularly challenging cases or uncharted financial issues. Counselors emphasized that staff meetings and informal staff communication were helpful for identifying common issues. For example, during a staff meeting in one city, multiple counselors reported working on foreclosure issues; one of the counselors had extensive prior experience providing housing counseling to people facing foreclosure, and she was able to mentor the other counselors and answer specific questions. In addition, counselors reported communicating frequently with one another via phone or email about counseling issues. While staff in some cities also saw management as a resource in this capacity, counselors emphasized the value of other counselors' perspective, as these individuals had more direct, applied experience.

Few counselors indicated that they began the job with all the requisite knowledge. Rather, counselors consistently described the job as a learning experience, and much of the information and support they sought out was directly dictated by the needs of their clients. Clients inevitably presented issues beyond the topics covered during any training, so counselors stressed the importance of being autodidactic in their approach to building and maintaining financial expertise. Counselors emphasized the importance of staying up to date with technical topics, noting that "rules, regulations, and products change." Many said they gained financial expertise through independent research (for example, reading books, doing Internet research, and researching specific problems), and believed their research skills were critical to helping clients achieve results. Multiple counselors noted that the experience of conducting research for specific cases helped them and their clients feel as though they were partners in the process.

In addition, some counselors said they learned their interpersonal skills from the clients themselves by, for example, listening and problem-solving with clients, hearing clients' solutions, learning the steps for referrals, innovating with clients, and learning clients' boundaries.

Relatively few counselors had professional certifications or belonged to membership organizations. Some, due to prior employment, were certified housing counselors, and they indicated that this prior training was beneficial, especially given the number of their clients facing issues around housing insecurity or who were aspiring homeowners. A few had or were actively pursuing financial counseling certificates from the Association for Financial Counseling, Planning, and Education (AFCPE) or the National Foundation for

Credit Counseling (NFCC). They indicated that these certifications gave them a better framework for identifying solutions to issues related to debt and credit, including how to prioritize debt and the implications for clients' credit scores.

Additional Training Desired

When asked for examples of areas where added training would be beneficial, counselor responses largely aligned with the core competencies they identified as necessary for the job. The counselors were consistently confident that the training they had received, combined with the on-the-job experience and frequent communication with their fellow counselors, left them in a strong position to support their clients' needs. However, they did provide examples of areas where they, or other FEC counselors, could benefit from additional training.

Financial expertise. Counselors expressed a high level of confidence regarding specific financial issues. They indicated that their initial training and subsequent professional development work had left them well-positioned to help their clients achieve financial outcomes. Nonetheless, every counselor, even those whose clients had achieved a high number of outcomes, mentioned wanting more financial expertise. Specific topics included added training around how to deal with different types of debt; more information about how to connect clients with financial planning services and investment and retirement resources; and common issues and solutions related to student loans. In addition, counselors generally wanted to develop their understanding of the legal aspects of the work, including state-specific regulations and consumer rights.

Nonetheless, every counselor, even those whose clients had achieved a high number of outcomes, mentioned wanting more financial expertise.

Counseling skills. Several noted that added support around the counseling dynamic would be beneficial.[13] Examples of topics cited by counselors include training on: cultural competency, self-care and work-life balance, and listening skills. More generally, they indicated that ongoing attention to cultivating and maintaining a sense of empathy among counselors was critical.

In a brief poll, counselors cited a number of specific interpersonal skills they would like to develop; tools for motivating clients and skills for retaining clients were the most commonly mentioned. Some counselors mentioned their interest in psychological training, requested information on cultural competency, and discussed their interested in acquiring active-listening skills. Other expressed interest in developing more ways to build rapport with clients, teaching skills for adults, and ways to celebrate client accomplishments.

Social service referrals. Counselors were clear that it was not their responsibility to address issues like substance abuse, gambling addiction, or food insecurity. However, these issues affected clients' financial lives, and counselors sought additional training on how to identify such issues and provide appropriate referrals, as well as relationships with appropriate social service providers.

COUNSELING

Financial counseling represents a mix of coaching, goal setting, and light case management in a direct service provision role, as well as a deep technical knowledge of financial issues and the ability to advise people on their financial and personal goals. Financial Empowerment Center counselors received training on both financial counseling and coaching skills. During each session, they both counseled and coached their clients to set and achieve their financial goals.

Clients described the nature of the counselors' role as both a "mentor" and a "partner" in the process, and the relationship itself was central in most clients' sense of financial empowerment from the program. Clients described the counselors as life coaches, personal counselors, or even friends. They were "inspired by [their] energy" and shared their successes with the counselors, inviting them to celebrate when they closed on a home purchase or regularly updating them on other life events. Clients touted their relationships with counselors as one of the key elements that keeps them motivated, inspired, accountable, and successful in the program. Counselors worked with clients in the initial counseling session to start building a relationship, conduct the financial health assessment to get a detailed financial picture, set goals, develop a budget, and make referrals. Follow-up sessions focused on revising the clients' budget, pulling and reviewing creditor records, and contacting creditors.

COUNSELING WORK FLOW

FEC protocols—especially Efforts to Outcomes (ETO), the web-based data system used by all five cities that included a detailed intake process to get a baseline picture of client financial health—ensured a basic level of consistency and served as a means of oversight for session format and flow. However, there were natural variations among the counselors. In particular, they employed a wide array of strategies and services to structure sessions and help people achieve their financial goals.

Across the five cities, counselors described their services to clients in similar ways. They were relatively similar in their descriptions of the content and objective of initial sessions. For example, counselors in all cities emphasized the importance of combining long-term goal setting with identifying near-term action steps to support these goals. Additionally, counselors consistently emphasized using a participant-centered approach that gave clients a sense of agency in the process.

Despite these similarities at intake, there were also key differences in the approaches taken by individual counselors. For example, each counselor had her own way of framing goal setting, gathering intake information, and entering data into ETO. Additionally, counselors varied in how they addressed non-financial issues that emerged during counseling sessions. Some counselors took a broader case management role, whereas others emphasized the importance of establishing clear boundaries and making external referrals for all nonfinancial issues.

INCOMING EXPECTATIONS

Most focus group participants expected something very different from the one-on-one, goal-based approach they received. Participants shared that they had expected:

"…a classroom setting"

"…a scolding or a finger-wagging to tell me not to use credit cards and spend money."

"…[counselors] would pull the credit report (and hopefully start disputing everything)"

"…I would have to pay for these services"

"…it to be like one of the debt consolidation services where you end up paying, and you're 900 years old before you finish paying."

Initial Session

Counselors shared that the first 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.

Give an Overview

Generally, counselors began the first session with an overview of FEC services, emphasizing that counseling was free. In cities where partner agencies made FEC counseling a prerequisite to receiving other social services, the overview was especially important to help clients understand how counseling could support their goals beyond checking off a mandatory box. In many cases, people had received inaccurate or incomplete information about the FEC from referral partners or their own research. For example, many clients came to the FEC thinking it would pay their bills for them.

Start Building Relationship

Many counselors viewed relationship-building as a foundation of the initial session. Counselors repeatedly noted that a client had to trust the counselor in order to be open and honest about her or his financial situation and goals. Counselors believed that everything people shared during a session could play a role in piecing together their stories. For example, going through a divorce has major implications for a person's finances, so sharing information about this seemingly-unrelated issue could be important.

This first session usually involved sharing a lot of personal information and was often very emotional. One counselor noted that the only goal of the first meeting was for the client to feel like her time was well-spent. This counselor indicated that the first session was about "reaching out" to the client and letting her know that the counselor would work to help her resolve any issues. This counselor communicated to clients that nothing on a piece of paper (e.g., a collection letter) would harm them today, that there was hope, and that together they could develop a plan for the future.

Conduct Financial Health Assessment

Counselors shared that the remainder of the first session generally was focused on intake forms, including the Financial Health Assessment (FHA), which aimed to capture and understand the client's full financial picture and identify personal and financial goals and the relevant counseling service streams. Reliance on the FHA varied considerably from counselor to counselor. Most commonly, counselors reported that they attempted to achieve a natural conversation flow, allowing clients to feel comfortable sharing their financial situation and goals. The counselors were so familiar with the FHA that they were able to complete fields as information unfolded, without having to read through the FHA in order.

Program Adaptation: Scheduling Appointments

TWO CITIES DEVELOPED NOTABLY unique scheduling mechanisms to improve client communication and partner feedback loops. One city hired a designated scheduler, responsible for scheduling, triaging clients' needs and expectations, and providing reminder calls for all sessions city-wide. This position served two main objectives: (1) giving clients an overview of FEC services to set session expectations; and (2) matching clients with counselors based on topical expertise, location, or perceived personality match. FEC personnel said that giving an overview both during scheduling and during the initial counseling session was necessary to address any misinformation or misconceptions people may have arrived with, as well as to manage people's expectations about what services they would receive. In addition to matching clients and counselors by personality and "goodness of fit," the scheduler also managed counselors' preferences for different case circumstances to keep their schedules varied, prevent burnout, and maintain morale.

Another city used an online scheduling platform, in which individual clients and partner organizations alike were able to schedule appointments directly without calling the FEC. Partner organizations had designated login credentials for the system, which allowed them to verify whether and when their referred clients had accessed FEC services. This functionality was especially useful for initial sessions and partner referrals, and was important for referral partners that mandated session attendance. Clients typically scheduled follow-up appointments directly with their counselors.

After appointments were scheduled, two cities had systems to send automatic text or email reminders about appointments, while two cities had an administrative staff person contact participants with appointment reminders.

Some counselors emphasized clearly explaining why each data point was collected in order to make a connection to a longer-term goal. For example, when asking about bank fees, a counselor might add, "If you want to be able to save more for [savings goal item], you will need to know how much you're currently spending on [bank fees] and reduce that."

Set Goals

In the first session, counselors generally began by discussing client goals; they invited clients to amend and update their goals in subsequent sessions. People tended to share this information up front, so it became a way to shape the conversation and next steps. 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)

Counselors broadly shared that they adapted their approach to the situation, sometimes prioritizing goals or action items for clients when they perceived that was the most appropriate way to meet the clients' needs. For people with less well-defined goals, counselors first worked to identify specific objectives. These were often in line with the counseling outcomes, such as sticking to a budget, saving a small amount every month, opening a bank account, or improving their credit score. Some counselors used the Financial Health Assessment to identify goals, by asking questions such as, "It sounds like you want to work on __________. Why is that important to you?" Some counselors shared that they worked with clients to frame their objectives in the context of a longer-term goal by using fill-in-the-blank sentences such as: "If you work on budgeting with me, you will be able to do __________."

For people who came to the first session with more defined goals, counselors managed expectations around goal achievability. They assessed clients' financial situation and worked with them to define short- and medium-term objectives that will allow them to achieve their long-term goal. For example, when clients stated a goal of owning a home, one counselor reported informing them that the process usually takes up to two years, then shifting the focus to immediate steps such as budgeting, cleaning up debt, and improving their credit in service of the goal of becoming a homeowner.

"Creating a budget is one of the first steps counselors should take when reviewing a client's financial stability and serves as the foundation for helping clients achieve financial empowerment outcomes. Based in the Financial Health Assessment, a budget is a plan for applying income to expenses. It sets spending limits, savings goals, and helps clients ensure that needs are paid for before wants. Budgeting increases awareness of personal financial priorities and allows clients to more easily make adjustments when needed."
– CFE Fund FEC Operations Manual

Prioritize Crisis Situations

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. A handful of counselors indicated that if a client came into the session in a crisis situation such as threat of eviction, domestic violence, or homelessness, they would put the intake forms to the side and focus on the immediate concern. Counselors recognized that a client experiencing a crisis may lack the capacity to envision or work toward the long-term goals.

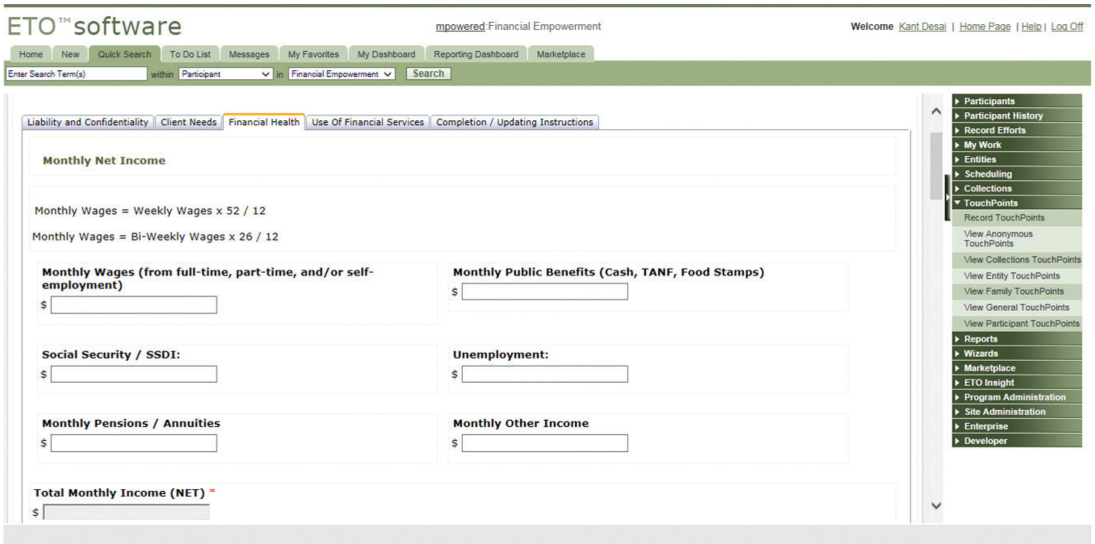
Develop a Budget

As described above, developing a budget was a priority for the initial meeting, and it was necessarily a rough budget because people rarely had all of their financial documents with them for the first session. Counselors commonly assigned homework to complete the budget picture. Some counselors left fields in the FHA blank until clients returned with updated information, while others entered client estimates at their first session when they completed their initial FHA, resulting in varied reliability in using FHA data as a baseline.

Make Referrals

Counselors emphasized that the majority of their clients came to the FEC with needs that extended far beyond financial counseling. One critical step during the initial session was to understand how clients were accessing additional services to support these needs. Counselors described the importance of identifying these needs and making appropriate referrals to other service providers, especially in cases where legal issues were involved—counselor training and program manager oversight included an emphasis on the point where client issues needed to be referred to other services. Additionally, they noted that identifying these needs could provide insight into the root causes of financial instability (e.g., mental health issues may contribute to forgetfulness that results in a client consistently forgetting to pay her bills).

Figure 4 • Financial Health Assessment Data Entry Screen in ETO



Referrals had the potential to change a client's income and financial outlook, and thereby affect budgeting and goal setting. For example, referrals to public benefits programs could increase a person's income or reduce spending. Similarly, referrals to workforce or education programs could result in job placement, thereby affecting income. Common outgoing referrals included: legal resources, utility assistance, mental health counseling, job training, specific employment opportunities, local banks and credit unions, Supplemental Nutrition Assistance Program (SNAP) benefits, and food banks.

Program Adaptation: Reorganizing the Financial Health Assessment

ONE NONPROFIT PARTNER DEVELOPED an alternative version of the FHA form that incorporated all required ETO fields but presented them in a way that better suited their intake practices. Management suggested this change helped improve session flow. Modifying the FHA to guide initial session flow represented a distinct attempt to systematically adapt service delivery and data collection on the part of local management.

In addition to the FHA, individual counselors employed varying techniques to identify added supports a client might need. For example, one counselor who had a background in case management reported conducting a needs assessment with each client to identify personal, educational, and financial needs. The counselor made appropriate referrals based on the needs assessment and noted that this assessment was helpful for understanding the root cause of the client's problem. Counselors' perspectives varied concerning the need to provide case management support. One nonprofit FEC manager noted that the counselors with a background in case management had a tendency to provide this additional support.

Wrap Up: Give Assignments and Schedule Follow-Ups
At the end of initial sessions, counselors reported assigning clients tasks that were linked to longer-term goals. These assignments helped clients to identify financial habits and to progress in their goals. A common first assignment was to keep a spending journal, which allowed clients to understand where they were spending their money, and then identify where they could cut back. This assignment allowed clients to edit the budget as necessary to develop a realistic, working budget.

Many counselors shared that at the end of each session, including the first, it was important to schedule a follow-up appointment. One counselor shared that if a client said she would call back to schedule the appointment, the counselor made a note to actively follow up with her. Counselors often asked clients to bring their financial documents to the next session, such as bills and collections notices as well as proof of figures provided on the FHA.

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. The time between initial session and follow-up sessions varied by city, ranging from two to six weeks. The timeline for follow-up was largely based on demand, and the time between sessions reflected how many weeks out the FEC was booked with appointments. Time between sessions allowed clients to follow-up on assignments, like tracking spending or calling a creditor.

Between session interactions, such as appointment reminders, were generally the responsibility of counselors, though staff in all cities recognized their value, and many counselors wished they had additional time for reminders, follow-ups, and check-ins with their clients. Sometimes especially motivated clients, or those with especially complex financial issues, reached out themselves. Clients voiced that they also wished they were able to have more communication with counselors between sessions, and suggested ideas about different-length appointment slots (e.g., 15-minute appointments for quick check-ins), specific times set aside where counselors were available to take calls, or a generic online chat where clients could talk with any counselor about questions. Some cities also had administrative or an intake staff make reminder calls, while others enabled counselors to use email to follow up on specific issues or automated text messages to send appointment reminders.

Program Adaptation: Designated Follow-Up Time

MANY COUNSELORS WISHED THEY HAD MORE time to follow up with participants on a regular basis to check-in on their agreed-upon next steps or revisit their counseling goals. While counselors in all cities had the ability to block out time on their calendars for administrative time, they widely reported that administrative time was typically insufficient given data entry and tracking responsibilities, in addition to scheduled appointments.

To address this, one city implemented "Client Achievement Time," which was a dedicated time for counselors to review participant profiles, follow up with participants they had not seen in a while, and complete paperwork. The amount of "Client Achievement Time" allocated to counselors was based on the show rate of the previous month. For example, if a counselor had a high show rate and saw more participants, she received more allotted time the following month for follow-up and administrative work associated with these participants and could plan accordingly.

Revisit Budget and Confirm Financial Information
Counselors who assigned a spending journal would review the expenses with the client in follow-up sessions. In some cases, counselors requested lists of negotiable and nonnegotiable expenses, which they reviewed together with clients to craft a more realistic budget. For many clients, the budget was reworked several times and revisited each session, especially as their rapport and relationship with their counselor grew. Counselors shared that clients liked to be held accountable to their budgets and their counseling goals.

One city chose not to prioritize drafting a budget in the first session, so this was a priority for the second session in this city.

Pull and Review Credit Report

The FECs typically pulled credit reports in the second session. Counselors shared that the credit report could be very emotional for clients, with some clients dreading it and others excited to know what was on it. Across the cities, counselors developed strategies for framing the credit score in a positive way. Their tactics included reminding clients that the credit score was "a means to an end," that it was something that had previously been a barrier that they could work together to make better, or sometimes simply saying that it was "not that bad," regardless of score. Some cities pulled the credit report during the initial session, while others did so in follow-up sessions, sometimes seeing it as an incentive for clients to return.

Through a contract between the CFE Fund and Experian that went into effect in the third quarter of 2013, counselors were able to verbally share actual credit scores and discuss all the details of credit reports with their clients (normally credit reporting agencies do not allow counselors to share the score with clients). This non-traditional arrangement allowed the FECs to provide a rare opportunity to clients who otherwise would not have access to this information.

Counselors shared that clients usually found pulling the credit report to be a valuable aspect of the FEC, and clients repeatedly emphasized that reviewing the credit report was a benefit of FEC participation and that it contributed to their sense of empowerment. After pulling the credit report, counselors and clients typically worked together to adjust plans and goals. The credit report may have revealed that a client needed more or less time, with more or fewer intermediate goals, to achieve the end goal. One participant shared that he had originally hoped to buy a home, but the credit report revealed he had significant tax debt, which led him to alter his long-term plans and work on more immediate steps.

Counselors educated clients about the statute of limitations on different kinds of debt to help identify which debts clients should pay off and which they should not touch, as they would fall off within a certain amount of time. Counselors encouraged clients to learn more about each debt record. There were often items on the report about which clients were previously unaware. The credit report review allowed clients to identify action steps, such as needing to dispute a claim, negotiate interest rates, and make decisions around which items to pay when. One participant shared that she learned from the credit report review that there was a cable bill on her report that belonged to her niece, and another participant found many purchases made by his ex-wife while they were going through their divorce. Others found cases of identity theft.

Contact Creditors

Counselors worked with clients to identify action steps around items on their credit report. If clients felt there were erroneous items on their credit reports, counselors explained the process for writing dispute letters. In some cases, the counselor wrote the letter with clients; in others, the counselor assigned clients to do this on their own. In addition, counselors worked with clients to negotiate down debt that they owed, or to set up a payment plan, get forbearance on fees, or otherwise take control of debts.

Counselors varied in their approach to calling creditors, often joining them on speakerphone for the first time and then working to ensure that clients felt comfortable on their own for subsequent calls. One participant shared that initially she didn't think she could negotiate on her own and felt she needed help and resources.

> ***"At the beginning, you're not feeling too comfortable. I'm going to say everything about my financial situation to someone I don't know? I was reserved at the beginning. They were really open and flexible. They were like, 'Just tell me and I can help you.'"***
>
> ***– Focus group participant***

In her second or third session, the participant and her counselor wrote letters together and the participant had them certified. Through this process, she said she gained the confidence to negotiate with a creditor on her own.

Other Goal-Based Steps

In addition to revisiting the budget, pulling the credit report, and contacting creditors, counselors dedicated subsequent sessions after the initial appointment 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 DID COUNSELING DRIVE OUTCOMES?

The qualitative research conducted for this evaluation suggested that the counselor-client relationship was a driver of FEC outcomes. In focus groups conducted in each city, participants cited specific attributes of the FEC model and counseling approach that they felt contributed to their improved sense of well-being and their ability to achieve financial outcomes.

First, 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 from predatory services and more trustworthy based on the lack of counselors' commissions or fees. While most participants associated the FEC with the nonprofit provider rather than city government, the FEC's affiliation with the city and identity as publically available aided recruitment and retention. Some participants initially found the FEC by searching their city's website for available social services. The public affiliation with cities fostered trust and motivated participants to schedule initial sessions.

For some participants, FEC sessions represented a rare opportunity to discuss personal financial issues in a safe and private environment. Counselors and participants alike described FEC sessions as a "nonjudgmental zone," creating a safe space to talk about finances that may be otherwise embarrassing or associated with feelings of shame and despair. This dynamic gave participants a level of trust in counselors that allowed for honest and productive conversations.

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. This format and the clearly messaged confidentiality guidelines were critical for participants who would otherwise not have felt comfortable exposing their financial issues to a point at which they could be accurately diagnosed.

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. As one participant described his perception of the dynamic, "Depending on your schedule, they let you come as many times as you need to. They see you're really working on it, and they meet with you." Another 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 expressed that although they began with the perception that their circumstances could not improve, working with the FEC counselor to develop financial goals and concrete steps to reach the goals resulted in a positive and optimistic outlook. Participants described FEC counselors as people who could fully "understand [their] situation and explain the strategies for dealing with it in a clear way [they] had not previously heard."

Participants talked about the benefits of the encouragement they received from counselors to achieve milestones and goals in a timely manner. Counselors routinely followed up with participants about agreed-upon goals or action items they set together at earlier sessions. Participants shared that the accountability helped them exercise the willpower necessary to change spending habits, improve savings behavior, and resist payday lenders. One participant shared that having someone to hold her accountable to her debt-reduction goals led her to pay off debts entirely instead of making minimum monthly payments.

Participants appreciated the fact that counselors recognized and even celebrated their successes with them. They felt a sense of partnership and that the counselors were "on [their] team, rooting for [them] and wanting to see [them] succeed." Many counselors hosted celebrations when participants achieved key outcomes to recognize the accomplishment and motivate additional actions toward further successes. One participant described the counseling relationship as akin to being a “kid at school” in that “you want to come in for recognition, affirmation that you’ve succeeded, and encouragement to game-plan on to the next thing.”

In contrast to the judgmental or “tough love” approach many participants expected prior to speaking with a FEC counselor, participants were often surprised by and appreciative of the affirmation and encouragement they received. In addition to normalizing participants’ stressful life situations that bring them to the FEC, counselors also normalized their goals, assuring them that other participants in similar situations (e.g., large amounts of debt) had successfully achieved similar goals before. Above all, participants felt “welcome” and comfortable with counselors, and in many cases developed deep personal relationships with them.

COLLECTING AND USING DATA

Managers indicated that the FEC metrics were meaningful to a wide range of stakeholders and partners. The ability to quantify outcomes solidified program credibility and political visibility at the local level. City decision-makers often found aggregate savings or debt reduction figures most impressive, but the ability to quantify other behavior changes also provided valuable evidence perceived as more credible than anecdotal evidence alone. The FECs’ experience around using data to communicate to stakeholders echoed themes reported by the Bloomberg Philanthropies Government Innovation Programs[14]: the availability of strong FEC data boosted the confidence of cities and their nonprofit providers in fundraising and communicating to the media and other stakeholders. The FECs developed embedded data into their cultures and became, in some cases, evangelists for using data to demonstrate program excellence.

USE OF DATA

While each FEC developed its own combination of techniques, all five consistently described themes around data use and impact. Program management, and city staff in particular, emphasized the value of being able to quantify key financial outcomes. They noted the benefit in supporting program sustainability as well as ongoing program improvement.

City partners reported using data to demonstrate program impact and build relationships with potential program champions both inside and outside city government. They used demographic data to demonstrate the client populations served by counseling services; for example, program managers were able to tell city councilmembers the number of clients served from their districts and the complex financial barriers they faced. In addition, armed with data that quantified FEC successes, such as the amount of client debt reduced or savings achieved, program managers were able to make the case to city leadership and funding partners that FEC services were having an important impact in their cities.

The cities also used program data to manage their organizational partnerships. They monitored the number of clients referred by each partner and seen at each site, using the data to understand the effectiveness of their partnerships. They regularly reported aggregate client data to their partners for several reasons, including: to emphasize accountability, holding partners to client recruitment goals; to solicit input on marketing and outreach to underserved populations; to exchange feedback on how counselors and partner staff were working with clients; and to contribute to partners' reports to their own stakeholders.

The nonprofit providers used program data to manage their counselors and their performance toward the targets set by their grant contracts; similarly, the cities used data to manage the nonprofit providers. They established specific output and outcome targets for each counselor (e.g., number of unique clients seen per time period, total number of sessions per period, number of outcomes, etc.) and used a variety of reports to monitor progress. They also used a combination of reports and meetings to identify clients who seemed close to achieving outcomes so that the counselors could follow up with those clients, and to identify

outcomes that might be missing from the data system. Over time, they were able to benchmark against prior quarters and years and evolve data collection, reporting, and analysis strategies as client and program needs changed. For example, as cities focused more on client retention, they began creating and analyzing regular reports on retention and using them to target client outreach and follow-up. These management practices were universally adopted, although they evolved over the course of the grant with some variations among cities, such as using a variety of reports, reviewing them weekly, bi-weekly or monthly, in teams or individually.

These data management practices were accompanied by multiple counselor trainings on data entry to correctly capture changes in clients' financial status. For example, at the program launch, the CFE Fund hosted a training with all FEC managers on data collection and data entry. Pre-launch, the CFE Fund also hosted two week-long webinars with Social Solutions, the data system vendor. The first was aimed at program managers and focused on database administration and reporting; the second was end-user training for counselors themselves. Once the program launched, the CFE Fund and partner program staff continued to emphasize the importance of data quality. Managers conducted ongoing trainings with program staff, and a CFE Fund-hired consultant did trainings over the phone, including on specific outcomes and outcome calculations. During yearly site visits with partner cities, CFE Fund staff reviewed data collection and data system management approaches with both managers and counselors. Finally, the cities, nonprofit providers, and the CFE Fund all participated in data quality assurance, checking for missing fields, verification of changes, and outliers, for example.

DATA COLLECTION TOOLS, PROCESSES, AND CHALLENGES

All cities were required to use ETO, a web-based data management, case management, and outcomes management software built and maintained by Social Solutions and customized for the CFE Fund based on the experience of the New York City FEC. For most of the grant period, a full-time CFE Fund staff member was primarily responsible for maintaining and further customizing ETO, building and generating reports, and training FEC staff to use the system.

As described above and as informed by an analysis of the database, data entry approaches varied across cities and counselors: some entered data during the counseling session, some after, and some had data entry assistance from noncounselors. Naturally, counselors focused on the data fields that generated performance management reports that were reviewed by the nonprofit and city FEC managers and the CFE Fund. Open-ended and non-required case management fields, such as milestones and case notes, were used at counselors' discretion with a few exceptions as noted above.

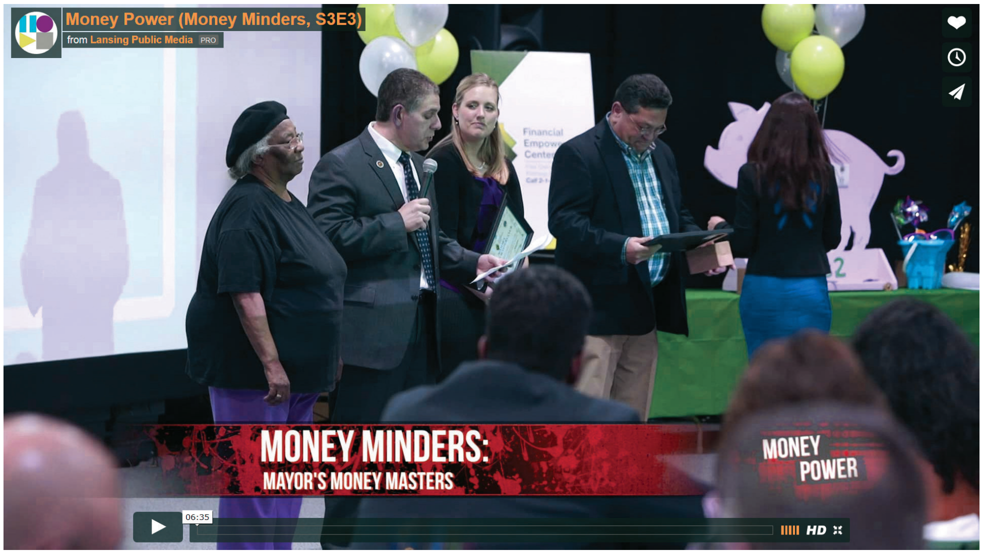
Like all data systems, ETO inevitably caused some frustrations as the program grew and developed over the grant years. Infrastructural challenges ranged from co-location sites with limited Internet access, to different levels of manager ability to create custom reports. As the program evolved, the CFE Fund created a number of custom reports and other database improvements to satisfy FEC program managers' needs, including their need to report to multiple stakeholders and partners. Programmatic challenges included tweaks in the CFE Fund's requirements for documenting outcomes, the number of outcomes tracked, and the formulas for determining whether an outcome had been achieved within a given time period. Both counselors and managers often felt that ETO did not capture all of their clients' achievements. In addition, the cities were generally frustrated that ETO did not track outgoing referrals that counselors made for clients who needed additional social services. For the purposes of the grant and this evaluation, it was important that the CFE Fund collect and analyze consistent outcomes throughout the grant period with the intent of informing future data collection tweaks. FEC program managers remain interested in customizing the database and adding fields and outcomes as part of sustainability efforts.

An assessment of the FECs' data quality and discussion of challenges in using the ETO data for evaluation are in the Appendix: Methodology.

MARKETING

In contrast to many social service endeavors, the FEC initiative started with a strong emphasis on, and funding for, marketing and communications. The CFE Fund created branded materials that the five cities would use in common, such as templates for public advertisements to attract clients and Twitter campaign templates to raise awareness among city leaders. Cities themselves also pursued a number of communication and marketing methods to raise awareness among potential clients and generate walk-ins or self-referrals, as well as to ensure that other key stakeholders were aware of the program. For example, cities purchased billboards, bus wraps, radio, television and YouTube commercials, and takeaways such as brochures and coffee mugs. They emphasized the importance of word-of-mouth referrals; in fact, 15.7% of clients were referred by "family and friends," the second most frequent referral source across all cities. They also created and maintained their own websites and social media, and participated in program-wide Twitter campaigns. The Lansing FEC even created a local television show called "Money Power," with multiple episodes featuring money management tips from counselors and celebrating client successes. FECs in two cities conducted substantial outreach to municipal employees with targeted, promoted information, recruiting a regular flow of new clients. Cities also focused on advertising to integration partners' client base to increase referrals.

Figure 5 • Lansing Mayor Celebrates Client Success



"Mass marketing does not seem to make the phone ring, but overall awareness about the program has been beneficial to sustainability."
— City FEC manager

To build the FECs' reputations in the political and philanthropic communities and support post-grant sustainability efforts, cities produced newsletters, reports, and infographics based on ETO data, and hosted events ranging from receptions to conferences. They held briefings for city and community leaders to explain the program and highlight its successes. They offered tours to potential partners and funders to build in opportunities for decision-makers to see firsthand service delivery and the counselor-client relationship. They publicized client success stories to illustrate program impact to political and philanthropic champions and attract new clients. City FEC managers were confident that these communication efforts were vital to their post-grant sustainability and local government buy-in.

PART 2 The Clients, and What They Achieve

Through the FEC initiative, personalized, professional financial counseling backed by municipal government was provided free of charge to financially vulnerable people. Counseling was available to anyone, without eligibility criteria; a significant portion of clients (42%) were referred by partner organizations in recognition that financial instability was foundational to their social service or economic needs. Most recipients of counseling had very low incomes; they faced high housing costs and underemployment, often while raising children.

This section provides an overview of the clients who used FEC counseling across the five replication cities. It presents quantitative data about the positive effects that financial counseling had on their financial situations, along with qualitative data about the benefits of FEC services for their sense of financial capability and their ability to address the social service or economic concerns that had motivated their initial referrals. It also highlights how counselors worked with clients to achieve financial outcomes, and looks at several key client populations to understand counseling impact.

FEC CLIENTS

From March 2013 through September 30, 2015, the FECS in all five cities served a total of 22,174 people, collecting both demographic and financial baseline information about 20,415 of them.[i]

Income

The single most salient and unifying characteristic of people who used FEC services was their very low incomes: as shown in Table 5, over 70% had incomes below 50% of their area's median income, adjusted for household size.[ii] This is unsurprising, given that FEC services were aimed at a low-income population, but it also underscores the fact that FEC services did indeed overwhelmingly serve these mostly very low-income clients, who were willing to trust counselors with the very intimate, complex details of their financial lives as they sought out assistance.

Table 4 • Client Demographics

Demographic	
Average Age (Years)	42.8
Average monthly income	$1,754
Median monthly income	$1,535
Female	70.6%
Married	23.8%
Divorced/separated	16.1%
African American/Black	46.8%
Latino/Latina	26.2%
Caucasian/White	17.5%
U.S. citizen	93.4%

FEC clients were primarily low-wage workers and people living on fixed incomes. A small subset of clients had higher incomes, in part through FEC outreach to public sector employees; about 10% of clients earned $3,250 or more per month. FEC leadership in each city emphasized that they saw the FEC as a universal initiative available to all interested residents, regardless of income.

i For more on data collection, refer to the Methodology section.

ii Median incomes in the FEC cities ranged from $63,400 to $81,100 for a family of four in Federal Fiscal Year 2015.

Gender and Family Composition

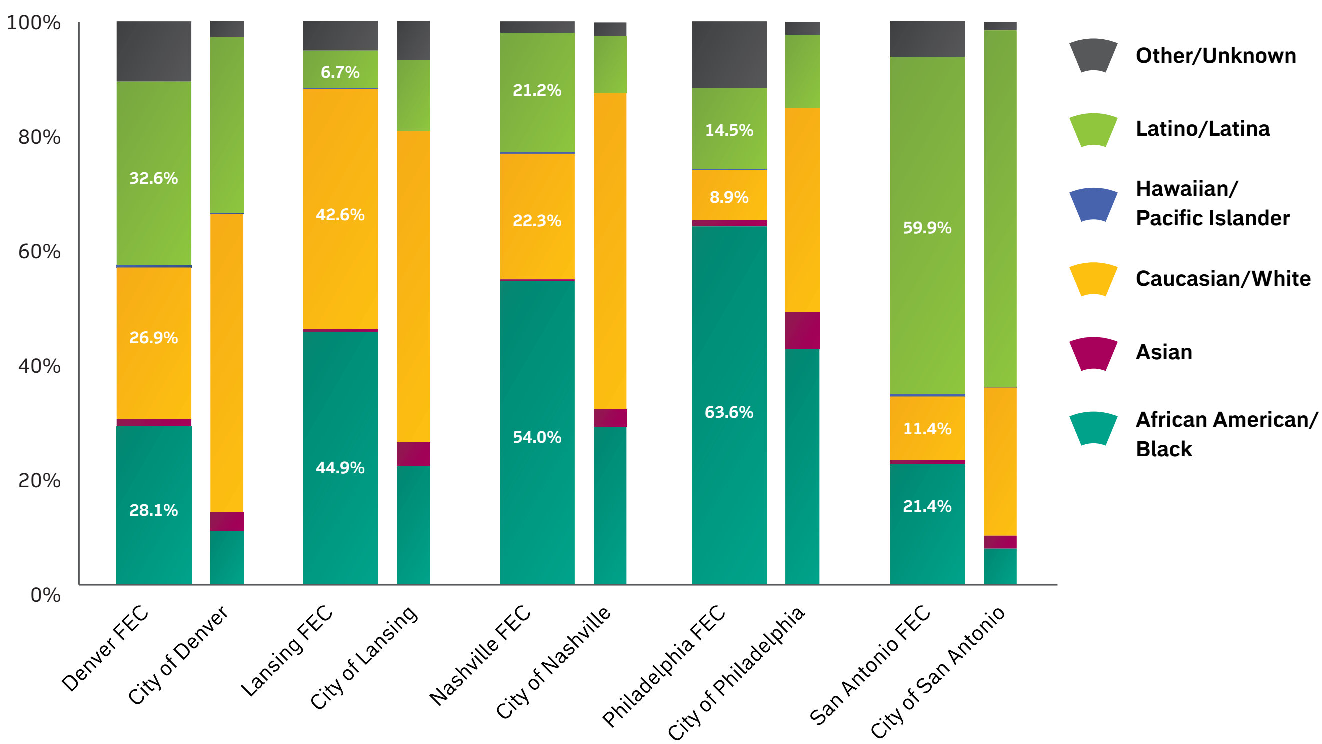
As in most human service programs, women were the majority of clients—ranging from 65% to 72% of clients across the five cities—with higher rates of men using FEC services in cities that specifically targeted veterans and the formerly incarcerated. The FECs only serve people over age 18, and half of all clients were between ages 26 and 45. On average, nearly 11% had not finished high school (ranging from 6% to 18%), while 46% had completed some level of post-secondary education (ranging from 39% to 49%).

Table 5 • Distribution of Client Incomes in National Context

% of Area Media Income by Household Size	FEC Clients	U.S. Population, Approximate[15]
< 30% Extremely low income	43.1%	15.3%
31% – 50% Very low income	27.7%	10.8%
51% – 80% Low income	18.2%	14.4%
81% – 100%	4.8%	8.3%
> 100%	6.2%	51.2%

A total of 62.1% percent of FEC clients had dependent children. On average, they were nine years younger than clients without children: 66.8% of clients with children were between 26 and 45 years old, versus 32.3% of those without. They were more likely to be employed full-time, and their incomes tended to be higher than those of child-free clients, by approximately $287 more per month. At the same time, they were less likely to have checking or savings accounts, and less likely to have completed four-year college or graduate degrees than the child-free. Men who came for financial counseling were disproportionately less likely to have dependent children; nearly 23.4% of clients with children were male, compared to 36.7% of clients without children. Overall, FECs in all five cities served families with a total of 23,882 children.

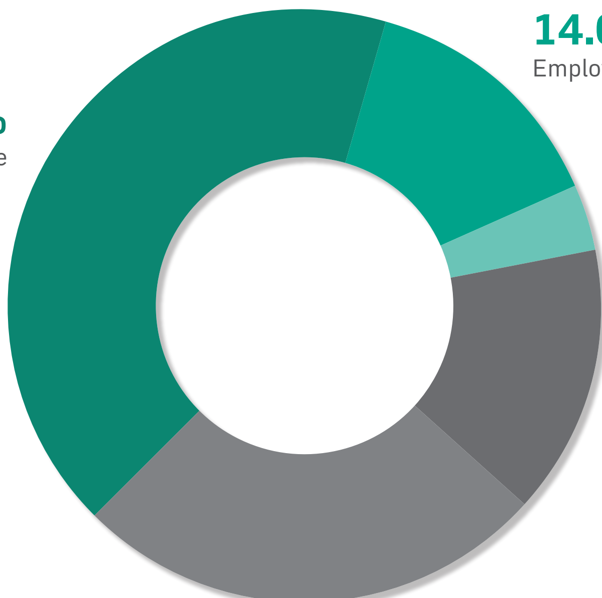
Figure 6 • Racial and Ethnic Distribution of FEC Clients in City Context[16]



Race
Overall, 46.8% of all FEC clients were African American/Black, 26.2% Latino/Latina, and 17.5% Caucasian/White. The five FECs served very different racial and ethnic populations, largely in line with their cities' overall population distribution, as shown in Figure 6. Although national statistics show that African Americans/Blacks and Latinos/Latinas have lower average levels of savings and lower credit scores than Caucasians/Whites, race and ethnicity were not significant factors in FEC clients' baseline financial characteristics or in their outcomes. The people who sought financial counseling shared similar financial challenges, and successes, despite their racial or ethnic backgrounds.

Employment Status
Staff in each city emphasized their work with clients who were either underemployed or unemployed, and consistently emphasized that clients who were employed were often earning low wages that presented substantial financial barriers. For example, counselors in San Antonio noted that while the unemployment rate in the region was low compared to the national average, many of the clients they served were employed in the service sector with low wages and inconsistent hours. Some jobseekers sought out FEC services on their own, while the majority were referred by one of the employment or job training partners. This includes U.S. Department of Labor American Job Centers, TANF agencies, community and technical colleges, and housing authorities offering employment services.

Figure 7 • Employment Status of FEC Clients



As shown in Figure 7, 14.6% of all FEC clients said they were unemployed. Only 27% of clients who reported being unemployed said they received unemployment benefits, while 80% reported receiving some income from other public benefits (as did 60% of those employed part-time). Unemployed clients were less likely to have expenses in every budget category[iii]

[iii] The budget expense categories on the Financial Health Assessment are housing costs, utilities, telecommunications, cell phone, transportation, food, debt, childcare, and other.

than people with jobs or who were self-employed; their likelihood of having a given expense was generally around 66% and was very similar to that of people who reported being full-time students. Nonetheless, compared to other clients, the unemployed were more likely to have a higher ratio of expenses to income and were thus unable to cover their monthly expenses; almost half (49%) of them had income-to-expense ratios between 0 and .99, meaning that their incomes only covered some, not all (from 0% to 99%), of their expenses. Clients who were employed and reported wage income also enjoyed more success in outcome achievement. Depending on the financial issues they were working on, clients with wage income were between 30% and 210% more likely to achieve an outcome than clients who had no wage income. Almost half of the outcomes that clients with no wage income achieved were reducing debt.

Use of Plasma to Support Income

SOME FEC CLIENTS SOLD PLASMA, usually to supplement their incomes but sometimes as their sole income source. The data revealed 46 clients who used plasma for income—this sample is just a fraction of those who used plasma for income, as it is based on optional case notes written by counselors for their own use. The following excerpts from the case notes offer a glimpse into the challenges people faced as they sought out FEC services to improve their financial stability and achieve financial outcomes.

"He is showing signs of improving his ability to set funds aside. His plasma funds are now deposited to a Visa debit card. Not the best use, but better than cash. Discussed card as temporary. Banking is long term."

"Reviewed credit report, budget. [She is] seeking work, selling plasma to help make ends meet. After all expenses they are short ($26.00), improved from ($313.50) but still short."

"He and girlfriend were unable to find affordable and reliable daycare for their young child, so he left his job to stay home with him. He makes income by donating plasma to the local plasma center. In the meantime, he is working on a few entrepreneurial efforts. He is also open to industrial work, so that he can make better wages and get medical insurance. He says he has several prospects."

"[She] has left her job and is living off her student loan refunds and blood plasma donations. We pulled her Experian credit report through FEC and there has been no change in her debt as it is only student loan debt that is in deferment until she graduates."

"The client stated that he has not worked in the past 5 weeks. The client stated that he is donating plasma twice a week and generating income. The client stated that he is gambling and winning money. The client stated that he stays at a hotel 3 times a week and in his vehicle 4 nights. … The client signed the disclosures, a Financial Health Assessment was completed, and a Budget was completed, a Service Plan was completed. … The client has a scheduled follow-up."

Although the data show only a small number of clients whose primary employment status was self-employed, three cities explicitly targeted current and aspiring small business owners: Denver, Nashville, and Philadelphia. This focus was largely a function of partnerships with organizations offering business development classes, particularly for minority-owned businesses. Counselors and partner staff saw this as one of the most successfully targeted populations thus far, given the clear link between financial outcomes and business success—prospective small business owners often needed assistance repairing or establishing credit to secure business loans, as well as separating business and personal expenses.

Financial Stress

Reflecting their low incomes and underemployment, nearly 75% of FEC clients said they were somewhat to extremely worried about their finances, and 62% said they felt little to no control over their finances when they first started counseling. Nearly 48% said they were not at all confident that they could pay an unexpected expense or emergency of $500.

Clients with No Income

FEC COUNSELORS VARIED IN THE EXTENT TO which they saw value in financial counseling for people with no income, which was about 3.5% of all clients. Some counselors and referring partner staff indicated that there was little they could do to assist clients who did not have some income, either from employment, cash benefits, retirement, or another fixed-income source. They felt that lack of any income made it difficult to effect the changes in financial behavior necessary to make progress toward financial stability, and believed that clients first needed additional social services to help them access aid and benefits before engaging in financial counseling. However, other counselors challenged this belief, citing the longer-term financial benefits that people without any income can obtain through the counseling relationship. These benefits include having someone with whom they can walk through their life situation and think about ways they can carve down expenses as a basis for financial planning. These counselors were more likely to spend more time connecting clients with other social service agencies.

Housing Status

The majority of clients were renters, including a small proportion living in public housing. Most of the public housing residents were in Philadelphia, which had a strong partnership with the housing authority to serve its tenants. Nearly one in five FEC clients did not have permanent housing—they were living either doubled up or in shelters. Four cities partnered with providers of transitional shelter.

Health Insurance Status

A total of 23.1% of FEC clients did not have health insurance at intake, compared to 10% of all Americans.[17] As is often heard about the uninsured, they were younger than clients with coverage, and more likely to be male. Fewer of them had completed any post-secondary education or had checking or savings accounts, and more of them were unemployed. The percentage of Latinos/Latinas was higher among uninsured FEC clients than among those with coverage, and the percentage of people whose main language was Spanish much higher among the uninsured.

Client Referrals

FEC clients learned about services through a variety of methods. The vast majority, almost three-quarters of clients, came to the Financial Empowerment Center through a referral by a partner organization. Of those clients, 23% were referred through a specific program integration, and 8% were referred by a co-located partner. A further 16% of clients came to the Centers because of a referral from family or friends, speaking to the value of word-of-mouth referrals. Finally, another 10% of clients said they learned of FEC services because of marketing and outreach efforts, such as bus shelter or subway ads, billboards, or radio or TV ads.

Primary Language

English was the main language of 82.8% of all FEC clients, while another 7.8% spoke English plus another language; Spanish was the main language of 6.7% of clients across the five cities. There were important differences among cities: in Lansing, Spanish was the main language of only 0.3% of clients.

The other cities emphasized hiring counselors to meet local demand for culturally and linguistically appropriate services. Spanish was typically the second language of FEC counselors. The decision to hire bilingual counselors was based on a combination of partner organizations' target populations plus FEC program management's understanding of local demographic shifts. In Nashville, where Spanish was the main language of 12.4% of clients, the Spanish-speaking population had recently grown and Spanish-language social services were not well-developed. Most Spanish-speaking clients came the FEC through a multi-service organization where the FEC placed Spanish-bilingual FEC counselors, which program staff said was critical for client recruitment and retention. Counselors relied on interpreters to meet the linguistic needs (e.g., Arabic) of other clients served in the same space.

Table 6 • Housing Status of FEC Clients

	All FEC Clients
Rent	53.5%
Public housing	3.4%
Own	21.8%
With family/friends	12.9%
Homeless/shelter	6.5%

In Denver, where Spanish was the main language of 8.2% of clients, the FEC reached Spanish-speaking people through a small business organization serving primarily Latina women. Further, the FEC opened a location in a neighborhood with a high proportion of Spanish-speaking residents where a Spanish-speaking counselor was co-located on a regular but infrequent basis to increase accessibility. Denver counselors and management also reported serving an ethnically diverse population through referrals from the homeownership program partner, at which partner staff estimated 45% to 50% of clients had limited English proficiency. The other languages spoken at this integration partner included Arabic, Amharic, Somali, and French. Counselors reported that language barriers had limited the FEC's opportunity to work with people who were not comfortable in English or Spanish.

CLIENT ACHIEVEMENT THROUGH FEC SERVICES

CLIENT OUTCOMES

When launching the replication, the CFE Fund established threshold outcomes to understand the impact of financial counseling on clients' financial lives and measure the performance of FEC providers against contract expectations. These threshold outcomes included:

- *Banking:* Opened or transitioned to a safe and affordable bank account
- *Credit:* Established a credit score
- *Credit:* Increased their credit score by at least 35 points
- *Debt:* Decreased non-mortgage debt by at least 10%
- *Savings:* Increased savings by at least 2% of annual income

As described below, all of these outcomes were selected because they were thought to measure progress against a critical threshold that indicated a meaningful change in financial circumstances.

Also, to understand the full impact of FEC services, the CFE Fund looked at additional client outcomes in this analysis:

- *Credit:* Any positive change in credit score
- *Credit:* An increase in FICO score
- *Debt:* Any decrease in debt
- *Savings:* Any increase in savings
- *Savings:* Saving $500
- *Savings:* Saving one month's expenses

How Threshold Outcomes Were Selected

These threshold outcomes were based on the experience of the New York City Department of Consumer Affairs Office of Financial Empowerment (NYC OFE), which had initially designed the FEC in 2008 to focus on banking, savings, debt, credit, and budgeting based on a survey of existing best practices within the field. They represent levels of achievement that were found to be both significant (in terms of their potential to positively affect clients' financial health) and achievable (in terms of the typical time frame for participation and baseline financial characteristics of clients).

NYC OFE tweaked these threshold outcomes as the model matured. For example, NYC OFE had originally targeted a 10-point increase in credit score, but revised its guidelines to target a 35-point increase based on analysis of early FEC activity and the importance of moving up a FICO category (i.e., from poor to fair, or fair to good). Similarly, NYC OFE had originally targeted $250 as the outcome savings goal, but soon recognized that a proportional approach was more suited to a program with open eligibility and widely diverse clients. For this reason, it changed the outcome goal to 2% of annual income, based on early New York City FEC data about client savings. Reducing non-mortgage debt by 10% was deemed a reasonably achievable and meaningful goal based on the collective experience of those involved in the program design.

When beginning the replication of this model in 2012, the CFE Fund chose to continue measuring client impact and counselor progress through these outcomes.

COUNSELING TOWARD MEASURABLE OUTCOME GOALS

FEC counselors helped people develop long-term financial goals as well as short-term action steps to work toward these goals. The counselors used the outcomes to focus attention on measurable steps toward goals. Any given counseling session could address one or more outcome goals. As shown in Table 7, banking was discussed less than half as often as the other goals, while the largest number of sessions addressed debt.

Table 7 • Number of Counseling Sessions per Financial Goal Area

Banking	18,117
Savings	40,169
Credit	42,779
Debt	44,370

To support the concept of counseling toward outcomes, the data system offered counselors the opportunity to record many pre-defined milestones in each of the four topic areas. Counselors and management clearly recognized and spoke of the importance of client milestones in theory. For example, one nonprofit FEC manager said that milestones were an important way to measure progress and message program impact. However, the data system's milestone feature was used inconsistently in practice.

Interviews with counselors revealed varied perspectives about the relative importance of outcomes and which outcomes they tended to prioritize. Many counselors reported prioritizing credit and debt outcomes because those issues were at the forefront of people's reasons for coming to the FEC, while others prioritized budgeting and savings as the foundations for achieving other outcomes and goals. Despite differences in perspective, most counselors said they tended to take a holistic approach, starting with building a clear budget informed by updated, verifiable information.

While people rarely came to the first appointment with all of the necessary documentation to complete a full and accurate budget, the counselors felt that the first session was usually the appropriate point to begin this process. One counselor noted that it was important to be able to help clients understand how behavior patterns impact spending. She used the budget-building exercise not just to track spending but to talk with clients about why they were spending money on certain items. This helped clients think critically about their spending habits and how to prioritize their spending. Detailed conversations about spending patterns helped counselors identify the root causes of financial instability.

Philadelphia's local evaluator found that the majority of counselors believed that beginning by developing a client budget was the most effective way to ultimately achieve outcomes. They observed that budgeting enabled both counselor and client to see if the challenges were on the income side, the expense side, or both. Budgeting made a deep impression on clients by enabling them to "self-discover" the source of financial troubles.[18]

Each section below provides an overview of the outcomes, as well as details on how counselors worked with clients to achieve specific outcomes.

OUTCOME ACHIEVEMENT

From March 2013 through September 30, 2015, a total of 5,305 FEC clients achieved a combined 14,493 financial outcomes, as detailed in Table 8.

The outcomes described above represent material change in circumstances, rather than changes in knowledge or attitude that might be achieved through financial literacy education. To explore the latter, as well as the broader impact of behavior change, this evaluation conducted focus groups with FEC clients in all five cities. For each outcome, this section details:

- why it is important;
- how counselors worked with clients to achieve it;
- the number of people who achieved it;
- descriptive statistics about people who achieved it;
- quantifiable factors statistically correlating with achievement; and
- observations by counselors, partner agencies, and/or focus group participants about the impact of achievement on people's lives.

Table 8 • Outcomes Achieved During Study Period

Outcome	Number of Outcomes Achieved
Open or transition to a safe and affordable bank account	944
Establish a credit score	269
Increase in credit score	2,196
Increase credit score by at least 35 points	1,324
Move up a FICO credit score category	901
Decrease in amount of debt	3,125
Decrease debt by at least 10%	2,261
Increase in amount of savings	1,672
Achieve savings of $500	567
Achieve savings of one month's expenses	365
Increase savings by at least 2% of income	869
Total increase in savings	**$2,731,922**
Total reduction in debt	**$22,545,564**

The statistical analysis focuses on factors that correlate significantly with outcome achievement, demonstrating that, all other factors being equal, a higher (or lower) percentage of people with a given characteristic achieved the outcome than people without it, and that there is less than a 5% likelihood that this difference was due to chance.

Outcome Achievement and Multiple-Session Attendance

Based on information the CFE Fund had shared about the New York City FEC experience, as well as its own experience, the cities and nonprofit providers recognized the importance of having clients return for more than one session. For example, a local evaluation commissioned by Denver observed "it seems that three sessions should be the minimal recommendation for those who want to make changes in debt, savings, or FICO scores"[19] and concluded that the "FEC should continue to make repeat sessions a priority for clients."[20]

In addition, attending multiple sessions was important because outcomes were captured only for people who attended more than one counseling session. As noted above, the FECS in all five cities served a total of 22,174 people. These clients attended a total of 56,965 counseling sessions, including 9,915 initial sessions and 47,050 follow-up sessions.

As described in the Methodology section, the data set for analysis included 20,415 clients. Overall, 56% of them (11,511 people) attended more than one counseling session. A client might discuss any or all of the topics at a given session, and nearly half of all counseling sessions addressed a combination of credit, debt, and savings. People working to reduce their debt returned for more sessions, on average, than people who were not working on debt. People

"She made an organized plan. She was very knowledgeable, had a plan. And everything she told me about came to fruition by the next several visits."

– Focus Group Participant

addressing debt might attend more sessions because reducing debt takes longer or is more complex than other outcomes; they might be more self-motivated to return, or the fact that the counselors were working with them on a difficult task might motivate them to return.

People who attended multiple sessions achieved outcomes at different rates, depending on the area of their financial goals. Table 9 shows that people who were trying to increase savings or open bank accounts had lower rates of success than credit- and debt-focused clients.

The data shows a strong correlation (0.81, or 81%) between a counselor's average number of sessions per week and how many of her/his clients returned for more than one session—counselors who held more sessions also had more multi-session clients. There was a less strong correlation (0.37, or 37%) between a counselor's average number of sessions per week and the number of outcomes achieved by her/his clients. One reason for this could be that some counselors simply had more time for counseling slots each week, and thus were able to emphasize the importance of multiple sessions and accommodate follow-up appointments with returning clients; another could be that clients tended to respond better to counselors with more sessions per week.

Table 9 • Success Rates in Financial Goal Areas

Opening a bank account	31.4%
Increasing or establishing credit	34.7%
Reducing debt	36.5%
Increasing savings	28.1%

People with a college education were 23.4% to 41.4% more likely to return for a follow-up session, depending on their level of degree attainment. People who were unbanked, housing cost burdened, or lacked wage income were 12% to 26% less likely to return than their counterparts.

In several instances, either the FECs or their partner organizations used incentives to support client retention. For example, Nashville offered gift card options for clients who achieved outcomes and documented their successes, and Philadelphia observed that giving clients a simple certificate acknowledging their success had a big impact. The incentives were seen as crucial to increasing counselors' ability to verify and report outcomes. As described above, counselors in some cities postponed pulling the credit report until the second session as an incentive for clients to return. Some partner organizations also offered incentives for clients to attend multiple sessions, as discussed previously.

Philadelphia's local evaluator identified three types of clients who did not return for follow-up sessions: those who wanted to check their financial status or ask a question but did not feel they needed ongoing assistance; those who wanted counseling but were too busy, distracted, or overwhelmed by other issues to return; and those who felt compelled to go to the first session by the referring partner organization but were not personally motivated.[21] A New York City study similarly identified the "reluctant one-timer" as one of four typical client profiles.[22]

BANKING OUTCOMES

Why It Matters: The Impact of Having a Bank Account

A basic transactional account is an important first step in establishing a mainstream banking relationship, depositing earnings securely, easily paying bills, safely making everyday purchases, and saving for the future. Barriers to accessing the financial mainstream often necessitate the use of alternative financial services—such as check cashers, payday lenders, and pawn shops— that usually are more expensive than banks and credit unions. Unbanked consumers who rely on alternative financial services must pay to access their own money, are charged for every transactionand have limited opportunities to save. For example, one Brookings study estimated that low- and moderate-income households pay more than $8 billion annually in fees for alternative financial services nationally.[23] A Pew study found that people with mainstream bank accounts tend to keep more of their earnings, fare better against financial shocks, and save more as compared to those without.[24] A mainstream bank account also helps to formalize savings and asset building opportunities, an important foundation toward long-term financial stability, and can help consumers access safe credit vehicles.

Counseling Towards Banking Outcomes

Counselors' approaches to banking outcomes fell into two broad categories depending on client needs: (1) helping previously unbanked clients—who had not utilized commercial financial institutions before—research and open safe, affordable banking accounts, and (2) working with clients who had prior experience with financial institutions to address the barriers keeping them from re-establishing the banking relationship.

For people who had never been banked, counselors emphasized safe banking options such as credit unions or banks that have expressed an interest in working with this population. Counselors walked clients through the banking process step by step, provided education about safe banking, explained that it was possible to cash a check without paying fees, and encouraged them to open accounts at a trusted referral partner. Counselors especially encouraged unbanked people with cash savings to deposit their money in a financial institution. Partner agency staff explained that some of their clients, often immigrants, were reluctant to deposit their money in banks due to a lack of trust. Counselors worked with people from all backgrounds to build trust, sometimes suggesting they deposit their funds gradually over time rather than in one lump sum.

For people with previous banking experience, counselors primarily helped them to resolve negative issues. Often this involved calling their previous financial institution to address overdraft or credit issues that had put their accounts in disrepair. Several participants in the focus groups noted that they had encountered account screening consumer reporting agency issues, such as those in ChexSystems, prior to working with FEC counselors, and had not attempted to open a new or alternative account since. Counselors shared that people may be hesitant to contact banks directly to learn what they can do to improve their status and remain unbanked without full information about their options.

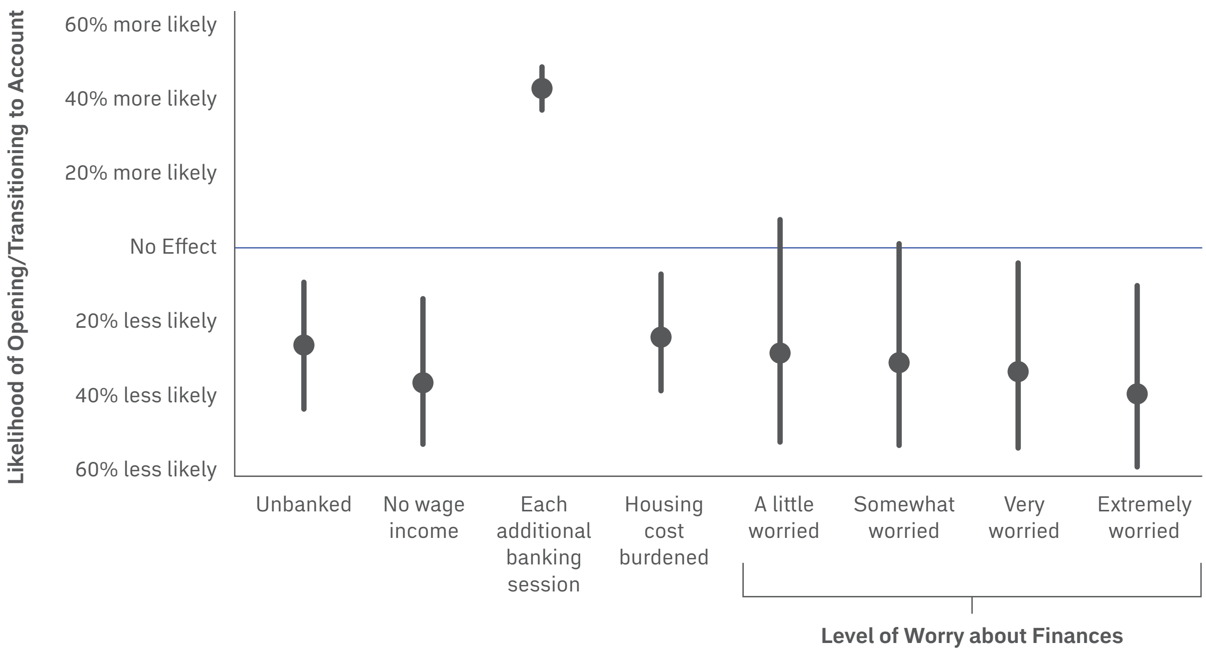
BANK ON COALITIONS ARE LOCALLY-LED partnerships between local public officials; city, state, and federal government agencies; financial institutions; and community organizations that work together to help improve the financial stability of unbanked and underbanked individuals and families in their communities. These first-generation banking access programs have already connected tens of thousands of people to safe and affordable accounts; Bank On programs also work to raise public awareness, target outreach to the unbanked, and expand access to financial education.

The CFE Fund's Bank On national initiative builds on this grassroots movement, supporting local coalitions with strategic and financial support, as well as by liaising nationally with banking, regulatory, and nonprofit organization partners to expand banking access. A central element of this work is creating and pushing out benchmark standards for safe and affordable bank accounts. To this end the CFE Fund released the Bank On National Account Standards, which provide guidelines on more than 25 product features that local coalitions should seek in their financial institution partnerships and that financial institutions should consider when developing basic transaction accounts. Core features includes providing low-cost, low-fee basic transaction capabilities through a debit or prepaid card offered by an insured depository institution with no overdraft fees and including online bill pay. The country's five largest banks now offer accounts that meet Bank On Standards; the CFE Fund continues to encourage financial institutions of all sizes to offer accounts that meet the Standards.

Counselors encouraged people to obtain documentation or confirmation of specific issues that led to negative account reports or account forfeiture, and encouraged them to ask their bank what steps they could take to regain good standing. Alternatively, counselors suggested Bank On accounts or alternative institutions including credit unions, micro-lenders, or social savings tools. One focus group participant whose ChexSystems report prevented her from opening a savings account wanted to save for her children's futures; her counselor encouraged her to start by using a no-fee online social savings tool. The participant shared that she has since worked with the counselor to open an account at a local credit union.

Threshold Outcome: Open or Transition to a Safe and Affordable Bank Account
The analysis of banking outcomes looks at 6,103 people who had at least one counseling session that addressed banking and also had data indicating whether they had a checking or savings account at intake; 3,010, or close to 49% of them, attended more than one session.

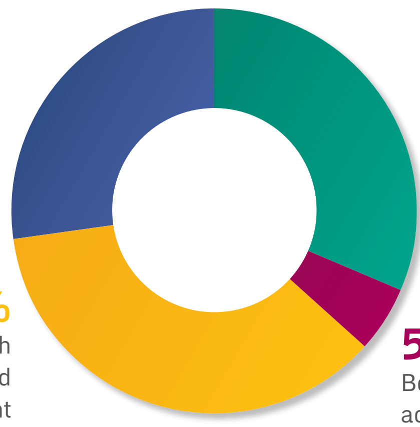
Figure 8 • Characteristics Linked to Opening or Transitioning to a Safe and Affordable Account



Overall, 944 (31.4%) of multi-session clients working on banking successfully opened or transitioned to a safe and affordable bank account. Regression analysis shows that people who were unbanked at intake were 38.4% less likely to open a safe and affordable account than those who already had an account. As noted above, unbanked clients were less likely to return for follow-up sessions, and the number of sessions was itself a significant factor in achieving an outcome. Each additional session made a client 43% more likely to open an account; for unbanked clients, each addition session had an even bigger impact of 71.2%. As shown in Figure 9, 68.5% of those who opened accounts were already banked. This suggests a desire for accounts with low or no fees, including overdraft fees; the CFE Fund's national Bank On initiative looks to expand the availability of such accounts.

The more a client was worried about her finances, the less likely she was to open a safe and affordable account: relative to those who were not at all worried, people working on banking issues who were a little worried were 28.4% less likely and those who were extremely worried were 39.4% less likely to open an account.

Figure 9 • Original Banking Status of Clients who Opened a New or Safer Account



The outcome "open **or** transition to a safe and affordable bank account" includes two different results: opening an account (presumably for those who did not previously have an account) and opening a better account (for those who had accounts with unfavorable terms). The data does not indicate whether the account opened was for checking or savings. Clients could achieve this outcome from four different starting points, as shown in Figure 9.

There are 12 possible combinations of starting and ending banking status, and the client motivations and counselor/client interaction in each of these situations are likely distinct. A regression model would have to treat these situations separately to uncover specific drivers. The current data is not sufficient to carry out more specific analysis.

CREDIT OUTCOMES

Why it Matters: Impact of Increasing Credit Score

There are many examples of the cost savings available to people with higher credit scores, from mortgage interest rates to insurance premiums to finance charges. For example, Table 10 uses data from the Consumer Financial Protection Bureau's "Explore Interest Rates" online tool to calculate the difference in home mortgage interest rates and costs at different credit score levels.[25] It demonstrates that (on March 31, 2016) a person buying a home in one of the states served by the FECs (for $200,000 with a 10% down payment) could save $4,434 to $5,538 over five years by increasing her credit score from the "fair" to the "good" category, and in three of the five states could save an additional $1,104 by increasing her score to "very good."

In addition to saving money on interest rates, people with higher credit scores can access more and better-quality loan products. For example, Fannie Mae's "minimum credit score for conventional loans [recently increased] from 580 to 620.... It is difficult to obtain a private student loan with a FICO score below 650.... Lenders generally require a personal credit history, and sometimes a business credit history, before approving a small business loan." In contrast, "Consumers without a good credit history may have to turn to high-cost payday lenders to obtain credit."[26]

Table 10 • Potential Savings Due to Improving Credit Score

Credit Score	FICO Category	Typical Mortgage Interest Rate Available	Additional Interest Paid Over 5 Years, Compared to Next Score Level
799	Very good	3.75%	—
739	Good	3.88%	$1,104 in MI, TN, TX
659	Fair	4.38%	$4,434 in CO, MI, TN, TX; $5,538 in PA

Credit scores also affect insurance prices. One study found that people with fair credit scores may pay 29% more for home insurance on average than those with excellent credit, while people with poor credit scores may pay 91% more.[27] A 2004 survey in Texas found that 54% of property underwriters and 82% of auto insurers relied on credit scores, and that prices on similar policies differed by as much as 400% because of credit-score variations.[28]

Finally, research based on people who received credit counseling in the late 1990s found that a 66-point increase in credit score correlated with a 30% reduction in the predicted frequency of a charge-off, repossession or bankruptcy over two years following the increase.[29]

The financial outcomes most commonly reported by focus group participants and staff were credit score improvement and debt reduction. Many clients sought FEC services initially hoping to work on credit-oriented outcomes, typically driven by a financial event for which credit was a barrier, such as a debt collection call or housing application denial. Although some clients sought counseling with a general objective of cleaning up their credit for a non-specific goal, for many clients, improving their credit score was also directly linked to their long-term goals (often related to services provided by the referring partner organizations). For example, clients referred by a transitional housing program saw credit scores as an especially important factor in establishing their ability to secure permanent housing. In one city, counselors linked good credit to the ability to obtain jobs with employers that require applicants to undergo a credit check.

At small business incubators and accelerators, credit was linked to clients' ability to obtain a small business loan. Aspiring small business owners in one city worked with FEC counselors to understand the connection between credit, budgeting, and business ownership. FEC services augment the small business program's business development efforts by focusing on ways clients can improve and present their financial picture to creditors or investors to obtain capital. As one partner staff member said, "If they want to get a business, they need to get their house in order."

Partner staff at homeownership programs shared that many of their clients enter the program with little or no credit. While the staff at these organizations message the importance of building credit in the domestic financial system, they enjoy being able to refer clients to professional financial counselors. Financial counselors can bolster this message in a culturally competent way while providing more intensive services, such as helping them open bank accounts with their cash savings, show records of bills paid on time, or open credit cards as a way to build credit formally.

Counseling Toward Credit Outcomes

FEC counselors supported credit outcomes by walking clients through the details of their credit reports and the tangible steps they can take to address their credit scores. This review often helped identify specific debts, erroneous entries, and instances of identity theft. Counselors emphasized that credit score increases would not happen overnight and the importance of regularly reviewing credit scores and taking action as necessary in the service of long-term score improvement. In addition, counselors reported spending substantial amounts of time educating unscored clients about: what a credit score is; the ways in which the credit score affects their financial health; the consequences of lack of credit or poor credit; and the range of actions they can take to address/improve their credit score.

The waiver signed by almost all clients authorized the FECs to pull credit report updates throughout their participation in the program. Counselors used these information pulls (which do not affect a client's credit score) to identify changes in score and even debt types and levels. This allowed them not only to increase the number of reportable outcomes but also to re-engage clients who had not returned for follow-up sessions. It also informed counseling strategies, for example by identifying clients who were ready to take a next step toward a mortgage or business loan.

Table 11 • Client Credit Score Categories in National Context

	FEC clients	U.S. Consumers[31]
Unscored	17.8%	7.5%
Subprime (< 660)	69.1%	31.6%
Near prime (660 – 720)	8.5%	15.5%
Prime score (720+)	4.6%	45.2%

A total of 16,056 people worked to address their credit across the five cities; of them, 7,923, or 49.3%, had more than one counseling session addressing credit issues. Due to data issues, 6,217 clients were included in the credit increase analysis and 1,166 unscored clients were included in the analysis of establishing a credit score.[30] The process of selecting and cleaning the data is described in greater detail in the Methodology section.

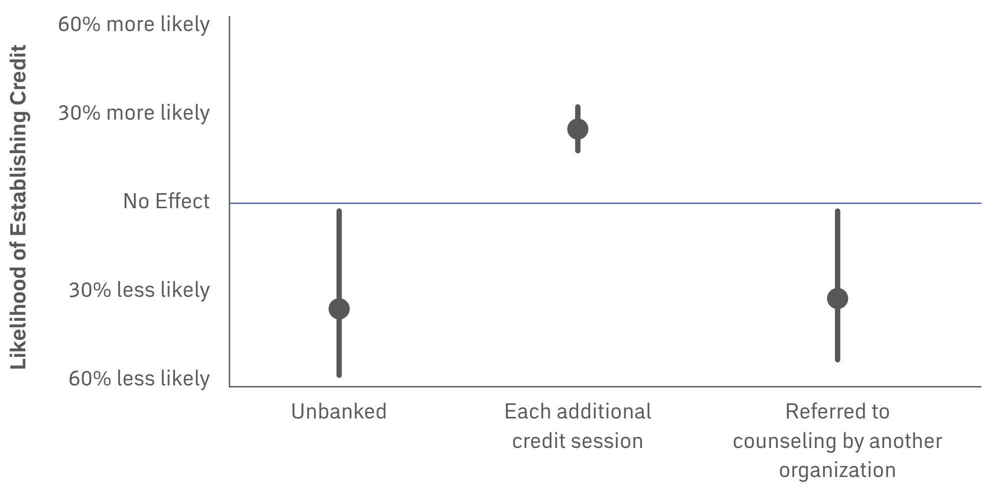
Table 11 uses the categories of the Federal Reserve Bank of New York's Community Credit analysis to demonstrate that FEC clients were twice as likely as all U.S. consumers to have subprime credit.

Threshold Outcome: Establishing a Credit Score

Among FEC clients for whom credit information was available, 17.8% did not have a credit score when they started counseling; the comparable figure for all U.S. consumers was 7.5%.[32] Logically, they were much less likely to have any debt than were FEC clients with credit scores; they were also less likely to have checking or savings accounts and less confident that they could cover an unexpected $500 expense. Unscored clients had lower incomes, were less likely to have full-time jobs, more likely to be unemployed and to be homeless. The unscored were more likely to be male, and less likely to have completed post-secondary education. They were more likely to be Latino/Latina and to speak Spanish as their primary language.

People who were unbanked at intake were 36.7% less likely to establish a credit score relative to those who had either a checking or savings account.

Figure 10 • Characteristics Linked to Establishing a Credit Score



FEC personnel reported that some of the people who came to the FECs with no established credit were either recent immigrants or people with longstanding distrust of financial institutions who operated solely in the cash economy. The data shows that 29.1% of noncitizens with available credit information were unscored at intake, compared to 16.9% of clients who were U.S. citizens. (On the other hand, only 18% of noncitizen clients with banked status information were unbanked, compared to 20.5% of U.S. citizens.)

"When I moved here I didn't have credit, but now I do. It was kind of embarrassing. You get yourself in a financial bind. Sitting down with a stranger to talk about your personal finances, you have to bite that bullet and confess your financial sins."
— Focus group participant

Two hundred sixty-nine multi-session FEC clients established a credit score, or 23.1% of the 1,166 clients in this analysis. On average, they had higher monthly incomes ($1,599) than those who did not establish a score. Female clients were a larger proportion of those who established scores (62.8%) than of those who did not. The new median credit score was 624, which represented a substantial increase from no credit score at all, but which was below the average for all U.S. consumers.[33]

As shown in Figure 10, people who were unbanked at intake were 36.7% less likely to establish a credit score relative to those who had either a checking or savings account. Being referred to the FEC by a community-based organization or government department (vs. coming as a result of marketing or word of mouth) had about the same effect as being unbanked. It is not known why being referred would have a negative effect; it may be related to the clients' motivations or to economic or situational barriers in clients' lives that caused them to work with the referral partner organization. Each additional counseling session increased the likelihood of establishing a credit score by 25.2%.

A client's monthly income appears to be a significant factor in the likelihood of establishing a new score, however the relationship was not consistently significant nor does it display a specific linear relationship. This suggests that income maybe a partial proxy for an additional unknown factor of influence; one possibility could be the regularity of a client's income.

It is worth noting two hypothetically relevant factors that were not found to be statistically significant in their effect on whether clients established credit scores: being unemployed, and being housing cost burdened.

"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

The extent to which a person was worried about her or his finances at intake was not, in general, a statistically significant factor in establishing a credit score; however, there appears to be a negative relationship between the level of worry and the likelihood of establishing a credit score. Compared to those who were not at all worried, people who were a little worried appear to be a little less likely to establish a score, while those who were extremely worried appear to be much less likely to do so. Although this relationship cannot be confidently affirmed, the result is intuitive and suggests opportunities for further study; for example, this might suggest that clients are able to accurately assess their likelihood of establishing a credit score based on how they feel about their finances.

Positive Changes in Credit Score
While the replication initiative focused on improving clients' credit scores by at least 35 points, this evaluation also looked at clients who saw improvements in their credit score at any level. Among 6,217 multi-session clients working on credit issues, 2,293 had higher scores at the end

of the study period than when they started; 1,395 of these clients increased their score by at least 35 points. This analysis only includes clients who began their counseling engagement with an existing credit score, demonstrating that they had active lines of credit of varying status. Overall, 36.9% of clients in this analysis achieved a mean credit score increase of 45 points (median was 41 points).

People whose credit scores increased had, on average, higher monthly incomes ($2,053) and expenses ($1,786) than those whose scores did not increase. They also had lower starting scores, with a mean of 574.

As discussed above with establishing a credit score, the more a client was worried about her finances, the less likely she was to achieve a positive change in credit score. Relative to those who said they were not at all worried, clients who were a little to extremely worried were 14.1% to 38.9% less likely to improve their scores. Again, this suggests a need for further study; it may indicate simply that clients are able to accurately assess their likelihood of improving their score.

People with wage income were 41.3% more likely to make positive improvements in their credit score than those without wage income. Those who were housing cost burdened were 17.0% less likely to achieve a positive change than clients with affordable housing.

Field Insights on Establishing Credit

LISC'S FINANCIAL OPPORTUNITY CENTERS in Chicago reported in 2013 that "establishing good credit is not difficult and very quick if no score" and observed that clients could achieve a 725 FICO score with five months of on-time credit card payments.[34]

Also in 2013, the Cesar Chavez Institute (CCI) at San Francisco State University released findings from a two-year evaluation of Lending Circles. It found that "while the proportion of treatment group participants without a score fell from 29% to 9%, the share without a score remained near 30% for the control group at the end of the analysis."[35]

People who were referred by a community-based organization or government department were 15.4% less likely to make improvements in their credit score relative to clients who came as a result of marketing or word of mouth. It is not clear why the difference exists. One explanation could be that this variable is a proxy for underlying differences in client capacity or motivation to make improvements; however, this effect does not arise in the analysis of other outcomes.

Field Insights on Increasing Credit Scores

THE URBAN INSTITUTE EVALUATED TWO financial coaching programs using randomized control trials.[36] The profile of people served at one of the programs, The Financial Clinic, was very similar to that of FEC clients, in terms of demographics (age, gender, primary language, education level) and financial characteristics (employment status, income, banked status). The study involved 431 people from The Financial Clinic (222 in the treatment group and 209 in control); 56% of people in the treatment group were treated (received coaching), and 62% of them, or 77 people, attended more than one session in 2013–2014.

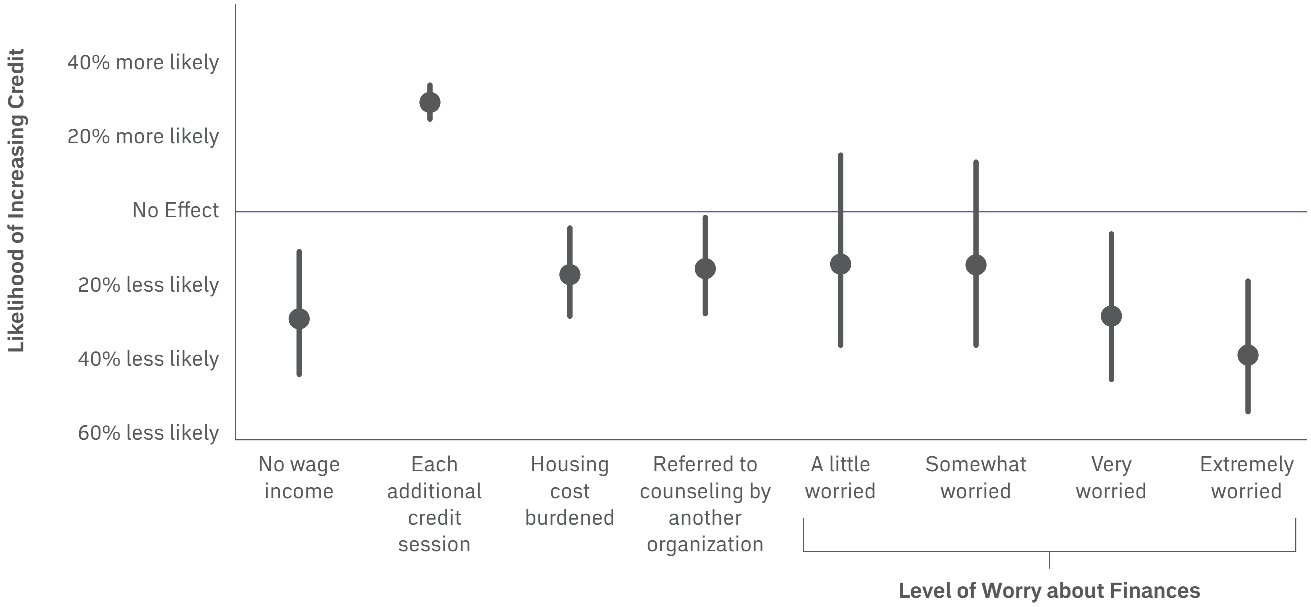
The Urban Institute reported that "participants offered access to financial coaching at The Financial Clinic showed increases in their credit score of approximately 21 points (±13) compared to the control group, and those who actually took up coaching showed average increases of 33 points (±20) compared to the control group. These changes are from a baseline mean of 587 for the treatment group and 598 for the treated group (i.e. those who took-up the offer of financial coaching and received services) at The Financial Clinic. … However, since the standard errors on these coefficients are large, all we can say with some certainty is that participants offered access to coaching had an increase in credit score somewhere between 8 and 33 point and that participants who actually took up coaching had credit score increases somewhere between 12 and 53 points."

It is important to note that this study used Vantage scores, which are calculated differently from the FICO scores used by the FECs.

Again, it is worth noting that being unbanked at intake was not found to have a statistically significant effect on the likelihood of whether clients made positive changes in their credit score, even if the client opened a bank account during the FEC engagement.

Credit score increases were often seen by FEC personnel as the result of a focused effort to reduce debt. While the counselors and clients saw the credit score as a barometer of clients' financial predicaments, it was the ability to dramatically reduce debt that motivated much of the counseling sessions. For example, after roughly a year of working with her counselor, one participant indicated she had been able to remove roughly $20,000 of debt, which resulted in a 100-point increase in her credit score. However, while it would seem logical that credit scores and debt reduction move together, the available data cannot consistently confirm that debt reduction and credit score increases move together. In the subset of 3,363 clients with valid credit score and debt data who achieved a change in either credit score and/or debt level: 39% showed a change in one and no change in the other; 35% showed a positive change in both; 26% had positive change in one and a negative change in the other. So, although it intuitively makes sense that reducing debt leads to improved credit, the data does not conclusively show that this is the case; credit scores are complex calculations that depend on both the type and status of the debt, along with the amount of debt.[37]

Figure 11 • Characteristics Linked to Increasing Credit Score



Threshold Outcome: Increase Credit Score by at Least 35 Points
Of the FEC clients whose scores increased, 60.3% increased their score by at least 35 points, achieving a threshold outcome. Compared to those with smaller score changes, these clients tended to be similar in age, ethnicity, and monthly income, but slightly more likely to be male. Most significantly, their starting credit scores were nearly 40 points lower on average. In fact, people who began in the lowest FICO credit score category were the most likely to achieve at least a 35-point increase.

Focus group participants reported substantial improvements in credit scores and emphasized that this improvement resulted in increased access to other financial products. For example, one participant who entered the FEC with an especially low credit score noted that the 200-point increase she achieved was enough to allow her to obtain a secured credit card which would facilitate further improvement to her score. Several participants attributed 100- to 200-point credit score increases to their ongoing relationship with a counselor and repeated follow-up sessions.

Quantifiable credit outcomes affected participants' families and communities in real terms. One participant was living at a transitional shelter and had a 550 credit score when she first attended a financial counseling session. By helping her build a budget and encouraging her to pay her bills on time, her FEC counselor helped her reduce her debt and increase her credit score by 150 points to 700. With this improved credit score, she intended to serve as a co-signor for her daughter's education loans.

One client was deep in debt, and dragged her children into her debt problems, too. She was getting calls from debt collectors every single night. Her FEC counselor helped her to become completely debt-free, and she now saves $1,200 per year. She said, "This is the best thing that ever happened to help poor people get out of debt."

Moving up a FICO Credit Score Category

A TOTAL OF 901 PEOPLE INCREASED their credit scores to the extent that they moved up one or more FICO categories (e.g., from Poor to Fair or from Poor to Very Good). The Good FICO score category represents the median for the U.S.

Relative to the very few clients who begin with Very Good or Excellent scores, those in the Poor, Fair, or Good categories were 2 to 3.8 times more likely to achieve a positive change in their credit score. Table 12 and Figure 12 demonstrate the truism that it is harder to add points to an already high credit score than to increase a low score. While this result is logical given what is known about the components of the credit scoring algorithms, it has also been demonstrated in prior research. For example, researchers found that "other things equal, counseled borrowers with lower initial [credit] scores experienced larger changes in their scores over time. In other words, the counseling experience generally had a positive effect on [credit] scores measured three years after counseling, but the effect was greatest for clients who had lower [credit] scores at the outset."[38]

Counselors and participants emphasized the importance of credit score increases in addressing longer-term financial objectives. One participant who was able to pay off all of her debt saw her score jump 53 points, which, in conjunction with increased savings, enabled her to qualify for financing to purchase a new car that she had been waiting to buy for years. Other participants emphasized that even modest credit improvements helped them qualify for lower interest car loans, dramatically decreasing the long term costs of automobile ownership.

Figure 12 • Characteristics Linked to Increasing Credit Score: Lower Starting Credit Scores More Likely to Increase

Table 12 • Clients Who Moved Up in Credit Score Category

FICO Credit Score Category	Number With Score at Intake	Percent Who Moved Up One or More Categories
< 579 = Poor	3904	19.1%
580 – 669 = Fair	2349	10.5%
670 – 739 = Good	565	9.2%
740 – 799 = Very good	172	7.0%
> 800 = Exceptional	37	na

DEBT OUTCOMES

Why It Matters: Impact of Reducing Debt

Studies have shown a correlation between debt and physical and mental health. Especially for middle-aged and older Americans, debt can lead to depression and decreased psychological well-being, mostly due to a perceived loss of control over personal financial circumstances.[39] Other studies have shown that, even when controlling for factors like socioeconomic status, psychological and physical health, high levels of debt relative to available assets is associated with higher stress and depression, worse self-reported general health, and higher blood pressure.[40] Finally, a 2013 meta-analysis looked at 65 studies that explored the relationship between personal unsecured debt and physical and mental health, and found that more severe debt is related to worse health (although it is difficult to establish causality). The meta-analysis also found a significant relationship between debt and depression, suicide completion or attempt, problem drinking, drug dependence, and psychotic disorders.[41]

Additionally, studies increasingly point to the negative impact of having student debt, especially for millennials. For example, New America[42] notes that the "combination of debt and poor employment prospects have increased the likelihood of falling behind on loan payments, which can lead to lower credit scores and wage garnishment" and cites a survey by American Student Assistance which found that student debt:

- affected the ability of over 60% of respondents to purchase more expensive items such as a car;
- caused 73% of clients to delay investing and preparing for retirement;
- played a central role in the ability or willingness of 75% of respondents to buy a home;
- for the 30% of student loan borrowers in repayment who were in delinquency, made mortgage approval more difficult; and
- for those with substantial monthly loan payments, made it difficult to save for a down payment on a home.

Looking at households with at least some college experience (especially college graduates aged 30–40), the Federal Reserve Bank of Boston found that those with student debt had lower overall homeownership rates than similar households without student debt. Among homeowners with at least some college attendance, total wealth excluding student debt was lower for those with student debt than for those without. Among people who were college age in the early 1990s, those with student debt were less likely to own homes than those without.[43]

Focus group participants and counselors provided specific examples of how debt reduction had impacted participants' lives, such as avoiding legal consequences by not being taken to court for major hospital bills and being able to secure consumer credit products for purchases or business opportunities. One participant said that after becoming debt-free, her "whole life" had changed. She used to be consumed by her financial state, but now she does volunteer work. Another participant shared that she only had one item left on her credit report as a result of working with her counselor. She planned to buy a car soon and was also looking into buying a home.

Other linkages between debt outcomes and clients' lives included:

- *Homeownership:* Alternate, affordable lending products at some partner agencies prioritized debt rather than credit as the key factor determining eligibility and approval. For homeownership programs that required little or no debt, FEC clients worked with counselors to reduce old debt and improve their ability-to-pay profile, enabling them to purchase homes with affordable mortgages.
- *Default release:* Prior to meeting with FEC counselors, people with significant amounts of debt or loans in default were often not aware of loan deferment, income-based repayment plans, or loan rehabilitation programs available through federal agencies or individual creditors. One participant on Supplemental Security Income with student loans in default met with a counselor who helped him get his loans out of default by certifying that he was unable to pay and helping explain the process through which he can re-certify every year.
- *Furthering education:* By working to get debts out of collections or default and regain good standing with creditors, clients were able to access new student loans enabling them to pursue continuing education.

Counseling Toward Debt Outcomes

Some focus group participants knew that their debts had accumulated during periods of unemployment or financial transition due to overspending or over-borrowing. Others were less cognizant of the debt they accumulated. For example, some participants learned that old bills had been sent to collections without their knowledge, or that they had been victims of identity theft. Some participants reported that they first learned about debt they owed by reviewing their credit reports in detail with FEC counselors.

To achieve debt outcomes, most counselors described a two-pronged approach, looking at (1) debt that could be written off or that was erroneously attributed to the client, and (2) debt that the client would have to pay off in order to remove it from her credit report.

To pursue debt write-offs, counselors looked for debt that had exceeded the statute of limitations, debt that was accrued as a result of identity theft, or data entry errors on the part of creditors. In these cases, the initial steps included contacting lenders to dispute the debt. Participants and counselors stressed that the one-on-one counseling model was particularly helpful both for general guidance about contacting creditors as well as counseling and modeling to conduct creditor calls. Some participants said they were aware of errors but unaware that they could contact creditors or unsure of what to say. Multiple staff at partner agencies provided examples of the individualized services counselors provided to help clients address issues related to identity theft or other erroneous entries on credit reports.

In pursuing write-offs, counselors also:

- looked up useful contact information for creditors including collection companies;
- encouraged clients to obtain more information about each debt record;
- trained clients to negotiate with creditors the debt amount/minimum payments/ deadlines by modeling negotiating calls; and
- called on their behalf to reduce debts (direct advocacy).

For debts that had to be paid, counselors first helped people prioritize, both in terms of which debts to pay first and how to balance the goal of debt reduction with their broader financial picture. Counselors emphasized that they provided advice, but that each client had to make her own decision regarding the best course of action. Counselors then helped clients build debt payments into their budgets and contact creditors if necessary to start paying down their debts. Counselors' familiarity with a wide range of national and local debt policies coupled with their willingness to research any unknown debt issues enabled them to provide targeted, reliable guidance for people with specific debt questions.

While the rate of success varied, counselors cited the quantifiable and somewhat more straightforward (relative to savings) nature of credit and debt outcomes as a route through which clients can experience an early win, motivating them to continue working toward other outcomes. Clients expressed a sense of satisfaction with the numeric change itself and enjoyed watching the proportion of monthly payments paid toward interest decrease relative to principal payment.

Decreasing Debt

FEC counselors consistently emphasized that people came to FECs with high levels of debt. Clients in focus groups in each of the five cities reported that their most common debts were due to credit cards, student loans, and hospital bills. The data on the subset of FEC clients with validated Creditor Records affirms this.[iv]

As shown in Table 13, over half of these clients had credit card accounts. Nearly four in ten had utility-related accounts that were reported on their credit reports, including both energy and telecom services; almost as many had student loans. Medical debt affected one third of these clients, while one quarter had accounts related to automobiles. Other non-mortgage debt types, each making up less than 3.3% of the overall FEC portfolio, include personal lines of credit and payday loans, rental arrears, child support arrears, tax liens, insurance, rent to own, and a variety of unknown or minor creditors.

Table 13 • Prevalence of Top Debt Types

	Percent of All Clients with Each Debt Type	Percent of Banked Clients with Each Debt Type	Percent of Unbanked Clients with Each Debt Type
Student loan	38.4%	43.1%	25.7%
Credit card	55.1%	62.8%	21.6%
Utility	39.9%	38.8%	52.3%
Other	37.7%	37.0%	48.1%
Medical	33.5%	33.2%	41.2%
Car	26.7%	29.5%	14.2%

Figure 13 demonstrates that credit cards made up the largest portion (25.7%) of the overall FEC client debt portfolio in terms of number of open accounts; however, at an average balance of $2,525, credit card debt was a much smaller portion of the total FEC client balance than student loans, which averaged $11,909.

A total of 15,635 people worked on reducing their non-mortgage debt through FEC counseling; 8,551 of them attended more than one debt-related session and had sufficient data about their debt to be included in the analysis. At intake, their average debt was $28,946.

Overall, 3,125 or 36.5% of multi-session clients in this analysis reduced their non-mortgage debt, by an average of $7,214 (median $1,773). In total, FEC clients reduced their debt by $22,545,564. Consistent with the analyses of other outcomes, each additional counseling session attended correlated with a 16.4% greater likelihood of reporting a debt reduction.

Feeling control over one's finances was significantly correlated with the likelihood of reducing debt: the more control clients felt, the more likely they were to reduce debt. Relative to people who said at intake that they felt "no control" over their finances, those with strong feelings of control were 62.6% more likely to achieve a reduction in debt.

As above, it is worth noting several hypothetically relevant variables that were not found to be statistically significant in their effect on whether clients reduced debt. People who were unbanked at intake appeared to be slightly less likely to achieve a debt reduction but the effect was not statistically significant. Moreover, those who achieved the FEC outcome

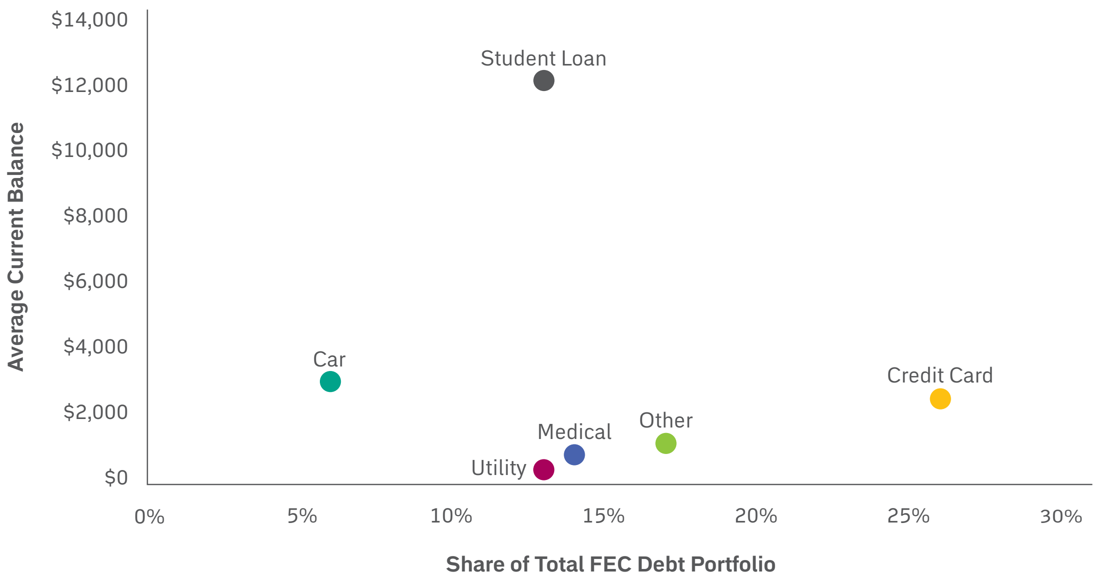
iv For a description of Creditor Records and their limitations, see the Methodology section.

of opening an account paradoxically appear to have lower odds of reducing debt. However, given the lack of statistical significance and non-intuitive nature of the odds, these regression results are likely an artifact of the data.

Neither people who were unemployed nor people who were housing cost burdened were statistically more or less likely to achieve a debt reduction. Being referred by a community-based organization or government department were not found to be statistically more or less likely to contribute to debt reduction than arriving at the FEC independently.

It may seem counter-intuitive that a person's starting debt level did not appear to have a significant effect on her/his likelihood of reducing debt; having higher debt was not a barrier to reducing it, although it did correlate with the likelihood of reducing debt by 10% or more. However, FEC clients' total debt numbers were made up of many different debt types and combinations of types. Counselors broadly encouraged paying off the smallest debts rather than maintaining them with minimum payments, which they messaged as achievable for all income groups through budgeting and targeted payments. Therefore, the composition of each client's debt portfolio is likely a more effective predictor than the size.

Figure 13 • Number Versus Size of Debts in Overall Client Debt Portfolio



The effect of debt type on debt reduction was tested for a subset of 7,720 FEC clients with Creditor Record data. Sufficiently consistent detail (where the sum of debts on the Creditor Record matched the total debt figure used for outcome calculations) was available for 4,400 clients; of these, 2,759 attended more than one counseling session and were included in the analysis. The Creditor Record provides details of individual debt types and their size. The Creditor Record data categorizes each debt into 17 standardized types, plus Other and Unknown. The 17 debt types were tested in an initial regression and four were identified as have statistically significant relationships.

People with utility arrears[v] and auto-related debt were 21.9% to 29.7% more likely to reduce their debt than those who did not have each type of debt. People with medical and student debt were 23.7% to 34.8% less likely to achieve debt reductions than people who did not have each debt type. One interpretation could be that these results reflect the relative difficulty of reducing each debt type. Since a Creditor Record was typically completed only once for each client, it is not known which types of debt were reduced.

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[v] For purposes of analysis, utility includes traditional utilities such as electricity and water, as well as telecommunications utilities such as phone, cell phone and cable.

Figure 14 • Characteristics Linked to Debt Reduction

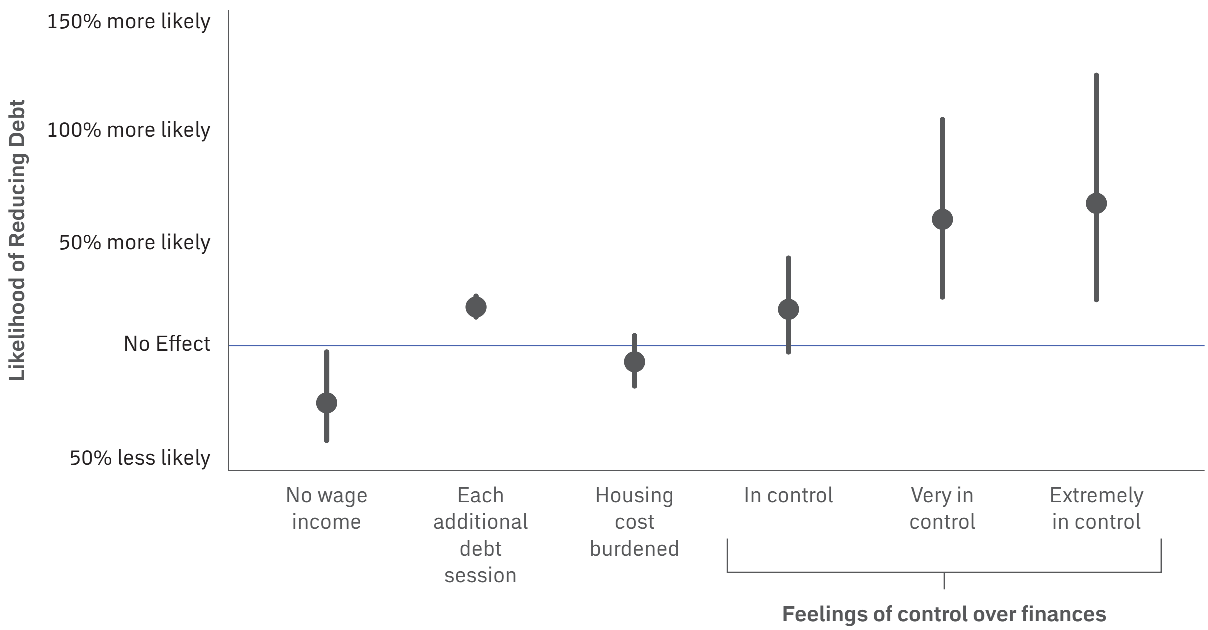
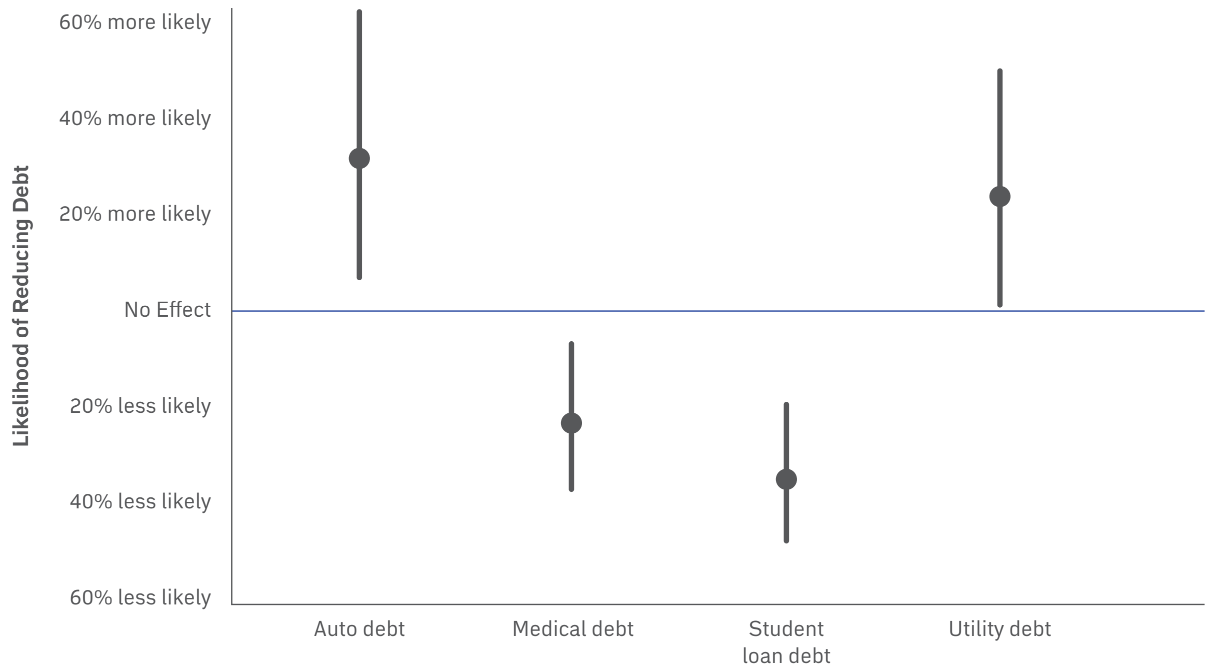


Figure 15 • Debt Types Linked to Debt Reduction



Threshold Outcome: Decrease Debt by at Least 10%

Overall, 36.5% of clients in this analysis reduced their debt, and nearly three-quarters of them reduced their debt by at least 10%. The average percent of debt reduction was 37% and the median debt reduction was 24%. These clients were on average slightly older (2 years older on average) and more likely to be male than those with smaller debt reductions. Importantly, their average debt level was $28,000 lower, and the difference in debt level is nearly entirely explained by the presence of student loans in their debt portfolio.

As described above, clients shared that debt reduction and associated credit score increases helped them qualify for business loans and lines of credit, both traditional (commercial) loans and microloans through community microcredit enterprises.

Some counselors believed that income was a barrier to paying off significant amounts of debt and, in turn, achieving dramatic increases in credit scores, but regression analysis did not find income to be a significant factor for debt reduction in general. Future analysis could consider the relationship of income to the amount of debt reduction.

SAVINGS OUTCOMES

Why It Matters: Impact of Increasing Savings

Financial emergencies, such as an income disruption or an unexpected expense, are inevitable. A 2006 survey by the Pew Research Center found that about one third of adults "had an unexpected expense in the past year that 'seriously set [them] back financially'[44] while in 2014 the Pew Charitable Trusts reported that 60% of "households experienced a financial shock in the past year," and "the median lower-income household's most expensive shock cost the equivalent of 31 days of income."[45]

A survey conducted for Bankrate in 2015 found that only 33% to 41% of Americans could use savings to cover a $500 emergency.[46] The Pew Charitable Trusts found that "the typical household at the bottom [income quintile] has access to [nine days] worth of income in checking and savings accounts and cash at home."[47] The Urban Institute found that relatively small amounts of savings serve as a buffer against financial shocks. Savings in amounts below $750 make families less likely to be evicted, miss a housing or utility payment, or receive public benefits, even after controlling for family income. Higher savings were associated with even lower hardship levels and benefit receipt.[48]

Given the importance of short-term emergency savings, this analysis looks at a variety of measures like increase in any amount of savings, saving one month of expenses, saving $500, and saving at least 2% of annual income (a threshold outcome).

Counseling Toward Savings Outcomes

Counselors often started working toward savings outcomes with their clients by helping them create a budget. The budgeting exercise was necessary to help people identify a realistic amount they could save each paycheck or month. In addition to strategizing realistic savings goals, counselors introduced clients to alternate savings schemes such as the "envelope method" (i.e., setting a set amount aside in an envelope at regular intervals) or opening a certificate of deposit for medium-term savings goals. Beyond these concrete skills, counselors encouraged people to shift their attitudes toward savings relative to other expenses by encouraging them to "pay [themselves] first." Focus group participants echoed counselors' advice such as "build a backstop," reflecting the importance of savings in the messages they received from counselors.

The majority of counselors identified the development of and adherence to a budget as the key step that could support behavior change and achievement of the corresponding saving outcomes. Counselors saw savings as an indicator that participants would not revert to old habits such as taking out payday loans if faced with a financial shock. However, counselors and participants described fewer successes with regard to savings than banking, credit or debt outcomes, and counselors commented that savings outcomes were the most challenging to achieve. As seen in Table 9 above, FEC clients working on savings were less likely to achieve outcomes than those working on credit or debt. Counselors identified low incomes and material constraints as clients' barriers to saving. However, some counselors also identified clients' unwillingness to change behaviors as a factor making savings habits difficult to develop, rather than material ability alone. The two were likely intertwined.

Increase in Amount of Savings

Among all FEC clients, 15,189 were reported as working to increase their savings.[vi] Only 6,473 people returned for more than one session about savings; of these, 5,947 had valid savings data

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[vi] The number of clients working on savings might be overstated, and the percentage achieving outcomes might be understated, for reasons described in the Methodology section.

"Every time you meet with [the counselor], she's pushing you to save a little from your paycheck. Always trying to find a way to help you."
— Focus group participant

"When you're living on the edge, you're just trying to pay bills. I've opened a savings account for my daughters. I don't have to rely on child support anymore. I can put [the child support I receive] in their savings accounts [instead]."
— Focus Group Participant

and were included in the savings increase analysis. Overall, 1,672 or 28.1% of multi-session clients increased their savings, by an average of $1,634 (median $400), for a total of $2,731,922 saved. Consistent with the analyses of other outcomes, each additional counseling session attended correlated with a 24.7% greater likelihood of showing a savings increase.

Again, feeling control over one's finances was significantly correlated with the likelihood of increasing savings, with increasing control linked to increased likelihood of saving. Relative to people who felt "no control" over their finances, those who felt extremely in control were 73.6% more likely to achieve an increase in savings.

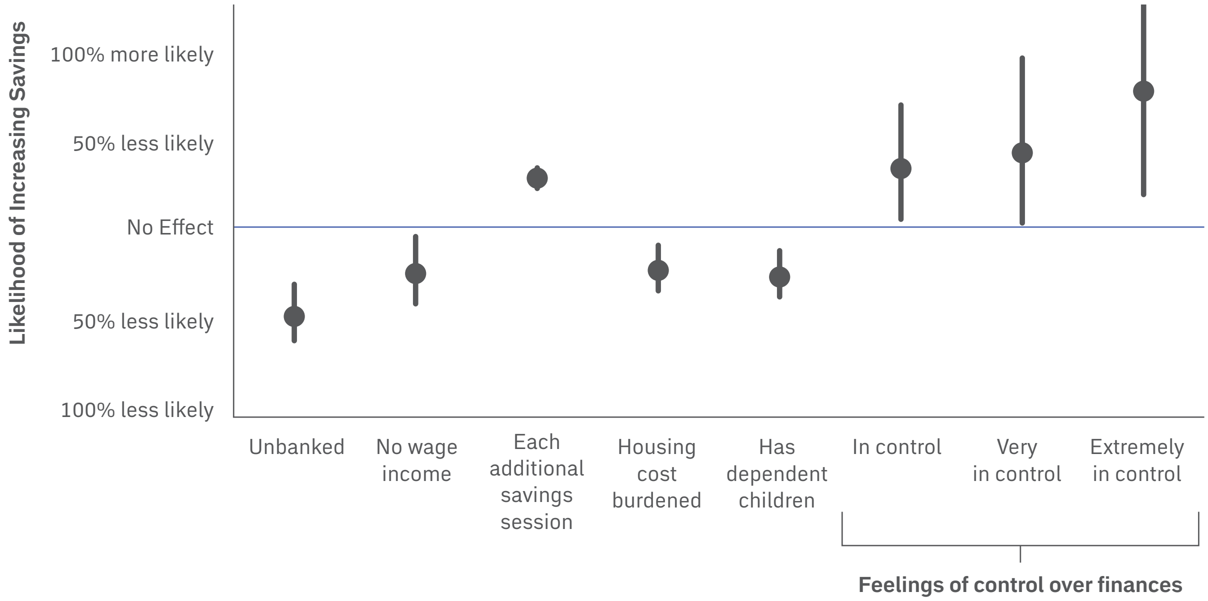
Clients with wage income were 40.6% more likely to increase their savings than those without. People with housing cost burdens were 27.0% less likely to increase their savings.

Clients with children were 30.6% less likely to achieve an increase in savings than clients without children. In addition, compared to the child-free, FEC clients with children were less likely to be confident they could come up with $500 for an emergency, more likely to be worried about and less likely to feel in control of their finances. This finding is in line with research by the Center for Financial Services Inclusion, which found that "households with children are 26% less likely to plan ahead for large, irregular expenses and 31% less likely to have a planned saving habit, compared with households without children."[49]

Each year of age decreased a client's likelihood of savings by 1.1%, a small but significant result: a 40 year-old was 20% less likely to increase her savings than a 20 year-old, all other things being equal.

Notable factors that did not appear to make a difference in the likelihood of increasing savings include the initial level of savings and being referred by a partner organization vs. arriving independently.

Figure 16 • Characteristics Linked to Increasing Savings



Increased savings had several impacts on clients' lives, including the ability to purchase assets, to pay off debt, and to pay for special occasions such as a vacation. For several clients, the ability to vacation using savings rather than credit was one of the most important outcomes they experienced.

One participant described the effect that reduced debt and increased savings had on her ability to travel and pursue recreation she hadn't previously thought possible: "Clearing out all of that debt has allowed me to be able to travel internationally and learn languages."

Counselors working with participants at housing-oriented referral partners explained that establishing a budget and savings pattern had enabled participants to save for a down payment on a home.

In planning for longer-term goals, participants had opened savings accounts or signed up for payroll deductions toward retirement as a result of their FEC counselors' urging. This resulted in a sense of financial stability and living off "the edge."

Fifty-nine percent of people who worked on savings and attended more than one session came to the FEC with less than $1.00 in savings. Figure 17 demonstrates that FEC clients were much more likely than average Americans to have no savings, about equally likely as average Americans to have $1 to $249 in savings, and less likely to have $250 or more. It also shows people who expressed interest in saving but did not return for follow-up counseling were even more likely to have no savings. One quarter of multi-session clients who started with no savings were able to increase their savings, by an average of $1,299. Forty-six percent of people who attended more than one counseling session to discuss savings felt they could not cover an unexpected expense or emergency of $500. They were less likely to save than those who felt they could cover such an expense and they were able to save only about half as much, as shown in Table 14. Notably, almost 1,700 people reported both that they had less than $500 in savings and that they were very or extremely confident that they could pay an unexpected expense or emergency of $500—the question allowed people to consider resources other than their own savings.

Saving One Month's Expenses

AMONG CLIENTS WHO WORKED ON SAVINGS AT MULTIPLE sessions, 85.4% (5,079) did not have enough savings to cover one month's expenses when they started counseling, a measure of adequate emergency savings used by the Pew Charitable Trusts.[50] Of them, 365 or 7.2% increased their savings sufficiently to cover their monthly expenses. Again, these clients tended to be 2.5 years younger than people who did not grow their savings to cover a month of expenses, with no significant differences in gender, ethnicity, education, or monthly income. Notably, successful clients started with an advantage: on average their monthly expenses were $347 lower, and they began with $123 more in savings.

Table 14 • Ability to Increase Savings from Different Starting Points

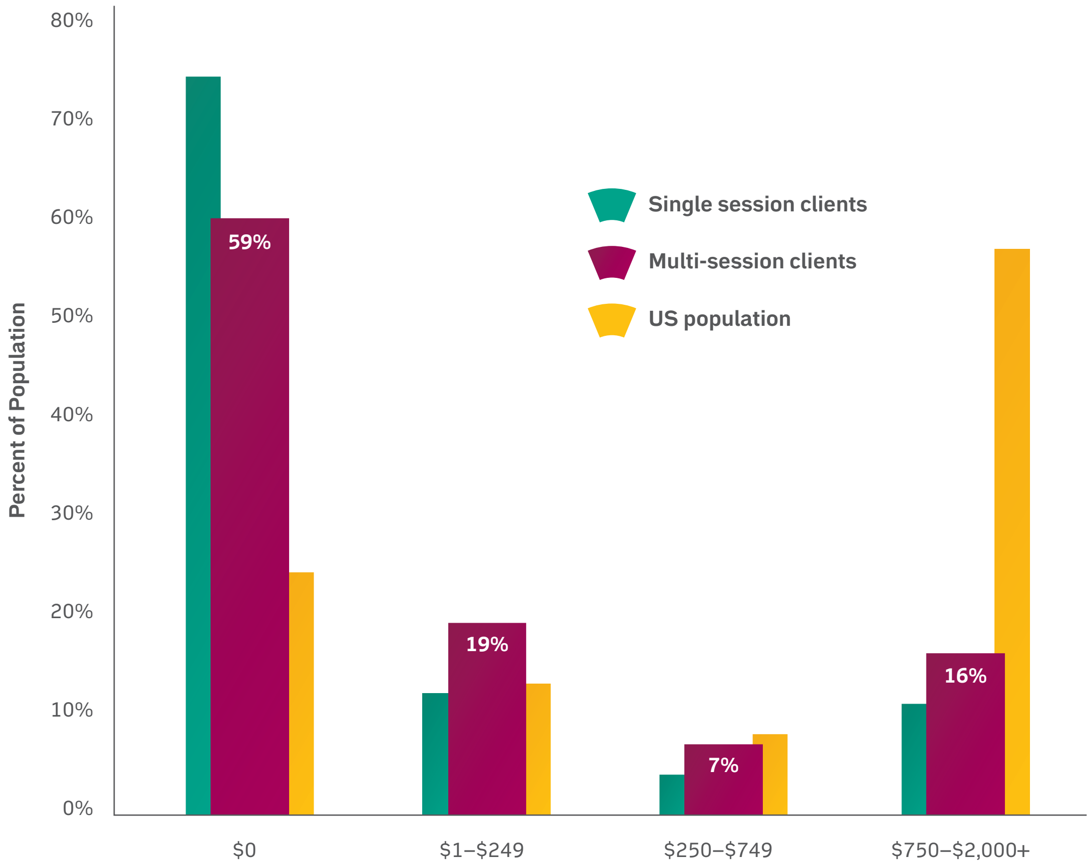
	% of Multi-Session Clients who Increased Savings	Average Savings Increase
Started with less than $1 in savings	24.7%	$1,299
Started with less than $500 in savings	27.4%	$1,267
Not at all, a little, or somewhat confident that they could pay an unexpected expense or emergency of $500	26.6%	$1,279
Very or extremely confident that they could pay an unexpected expense or emergency of $500	32.7%	$2,524

Field Insights on Increasing Savings

THE URBAN INSTITUTE'S EVALUATION OF The Financial Clinic described on page 79 reported that "participants offered access to financial coaching increased their total account balance by $1,187 (±$1,012) more than did the control group, and those who actually took up coaching increased their balance by $1,721 (±$1,438)."

Of the FEC clients who worked on savings, 4,811 began with less than $500; 12.0% of them had grown their savings to over $500 at the last measurement. People who achieved at least $500 in savings had approximately $226 more in monthly income as well as $38 more in initial savings than people whose savings remained below $500. They tended to be 1.2 years younger, but there were no significant differences in gender, ethnicity, or education.

Figure 17 • Client Starting Savings in National Context[51]



Threshold Outcome: Increase Savings by at Least 2% of Annual Income

Overall, 28.1% of multi-session clients increased their savings, by an average of 16.1% (median 2.1%) of their annual income. Of those who increased their savings, 52% increased their savings by at least 2%, a threshold outcome. These clients were, on average, two years younger and slightly more likely to be male and Latino/Latina. The most significant difference appears to be the level of initial savings. Although having any initial savings was not a statistically significant factor in whether clients increased their savings at all, clients who successfully increased their savings by 2% or more started with almost $2,800 more than clients who did not achieve this outcome. This suggests that there was something about clients with initial savings that made them different, and able to save more to get to the 2% savings threshold, than clients without initial savings. More analysis is needed to fully understand this complex relationship.

UNDERSTANDING KEY CLIENT CHARACTERISTICS

CFE Fund analysis also included a deep dive on certain key client characteristics. This section presents several different ways to understand characteristics of FEC clients, their financial condition at intake, the financial issues they were trying to improve, and the outcomes they achieved. These characteristics are:

- having housing costs that consume more than 30% of their incomes (being housing cost burdened);
- being unbanked;
- not having wage income; and
- having student loan debt.

Figure 18 • Participation and Achievement by Client Characteristic

Over half of FEC clients were housing cost burdened. One in five were either unbanked or without health insurance, while nearly one in ten had student loan debt. A person could have any, all or none of these characteristics.

Table 15 • Success Rates of Clients with Different Characteristics

	All FEC Clients	Clients with Student Loans	Clients who are Housing Cost Burdened	Clients With No Wage Income	Clients who are Unbanked
Opened Bank Account	28.4%	24.7%	15.4%	10.9%	11.3%
Increased Credit Score	35.3%	42.9%	33.2%	29.6%	30.7%
Increased Score by 35+ Points	60.3%	62.7%	58.4%	59.8%	59.8%
Established New Score	23.1%	41.4%	26.1%	16.8%	13.9%
Reduced Debt	36.6%	40.9%	37.0%	30.8%	37.2%
Reduced Debt by 10%+	72.4%	51.8%	73.6%	79.9%	80.1%
Increased Savings	28.1%	36.6%	25.4%	21.7%	23.6%
Increased Savings by 2%+	52.0%	51.1%	49.1%	51.6%	51.4%

To some extent, people with these characteristics worked to address different financial topics through FEC counseling, probably because the characteristics correlate with general socio-economic status. As shown in Figure 18, people who were unbanked or had no income from wages, as well as those without health insurance[vii]—presumably those who were least engaged in mainstream financial systems—were less likely to work on savings, credit, or debt than the other groups, and more likely to work on banking. People who had student loans—who may have had higher incomes and/or more education—were likely to work on credit, debt, and savings. At over half the client population, people with high housing costs could represent the average FEC client.

People who faced different financial challenges achieved outcomes at different rates. Table 15 shows that people who were unbanked achieved most outcomes at a lower rate than the other groups, while those who had student loans had the highest rate of outcome achievement.

Housing Cost Burdened

Who they are: According to federal guidelines, a household is considered to be moderately cost burdened if its annual housing costs are between 30% and 50% of its gross money income, or severely cost burdened if costs exceed 50% of income.[52] A total of 55.2% percent of FEC clients were cost burdened.[viii] Compared to those who were not housing cost burdened, those who were cost burdened were more likely to have extremely low incomes. They were less likely to feel strongly in control of their finances, and less likely to be confident in their ability to cover an unexpected $500 expense.

Table 16 • Client Housing Cost Burdens in National Context

	All FEC Clients	National Average[53]
Affordable housing	44.8%	65.9%
Moderate housing cost burden	31.9%	17.5%
Severe housing cost burden	23.3%	16.6%

Among FEC clients, very-low-income renters were even more challenged by housing costs: 60% were housing cost burdened. As reported by the National Low Income Housing Coalition, "to make ends meet, severely cost burdened families spend less on transportation, medical care, and food. In 2014, the severely cost burdened renters of the lowest income group spent on average 38% less on food and 55% less on healthcare than similar households who were not severely cost burdened ... Severe housing cost burden is a risk factor for housing instability and homelessness."[54]

Case notes written by FEC counselors indicate that at least 449 clients were coping with issues related to housing evictions.[ix] Most were concerned about the impact of past evictions on their credit reports. They were either working on paying eviction-related debts or concerned

vii Although they have things in common, these appear to be different groups: only 405 clients were unbanked and without health insurance and without wage income. Slightly more than half of these clients were in San Antonio.

viii The CFE Fund's calculation of housing cost burden for FEC clients is described in the Methodology section.

ix This is likely an under representation, because the case notes are optional and only for the counselors' use.

that the eviction record would make it harder for them to find new housing, or both. Many were very recently evicted or were at high risk of eviction while in counseling.

What they achieved: While clients who were housing cost burdened experienced a number of obstacles, there were outcomes that their cost burden status did not affect. For example, it is worth noting that being housing cost burdened was not found to be a statistically significant factor in whether clients established credit scores. In addition, people who were housing cost burdened were not statistically more or less likely to achieve a debt reduction than those who were not housing cost burdened.

However, grappling with a high cost of housing did have a negative effect on some financial outcomes. First, people who were housing cost burdened were 10.3% less likely to return to counseling, making it impossible for the FECs to record financial outcomes for them. In addition, those who were housing cost burdened were 17.0% less likely to achieve a positive change in their credit score and 27.0% less likely to increase their savings than those who were not housing cost burdened.

Unbanked

Who they are: Twenty percent of people who came into the FECs had neither a checking nor savings account, which was more than twice the national average.[55] Compared to all other FEC clients, these unbanked clients had lower financial baseline numbers in all categories, as seen in Table 17. This suggests that being unbanked is frequently part of a complexset of financial stressors.

Table 17 • Financial Status of Unbanked Clients

	Unbanked	Banked
Average monthly income	$1,091	$1,928
Median monthly income	$947	$1,714
Average debt	$15,911	$31,147
Median debt	$6,644	$15,255
Average cash savings	$88	$1,568
Average credit score (among those with scores)	553	591
Median credit score	514	568
Percent without a credit score	34.8%	14.2%

What they achieved: People who were unbanked at intake were 26.3% less likely like to return for follow-up counseling, relative to those who had a checking or savings account at intake. Both in general and for the unbanked, attending more counseling sessions increased the likelihood that a client would achieving outcomes. Yet, even holding constant the number of sessions a client attended, being unbanked was significantly correlated with a lower likelihood of establishing credit, increasing savings, or opening a bank account.

Figure 19 • Characteristics Linked with Opening Accounts for the Unbanked

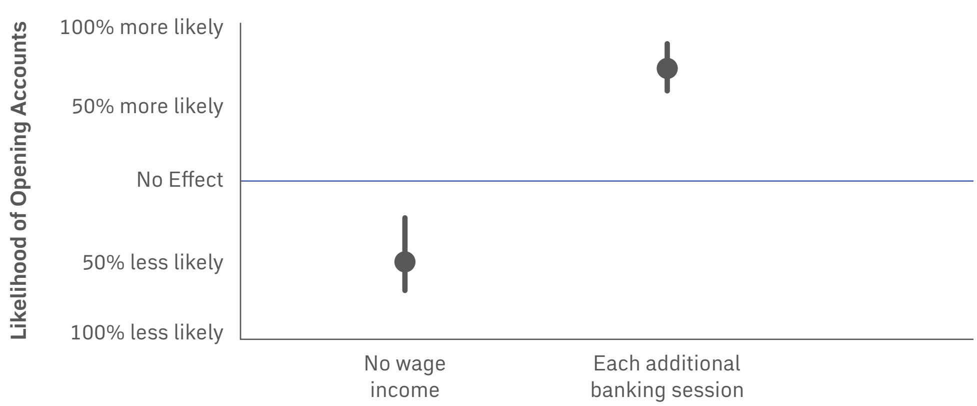
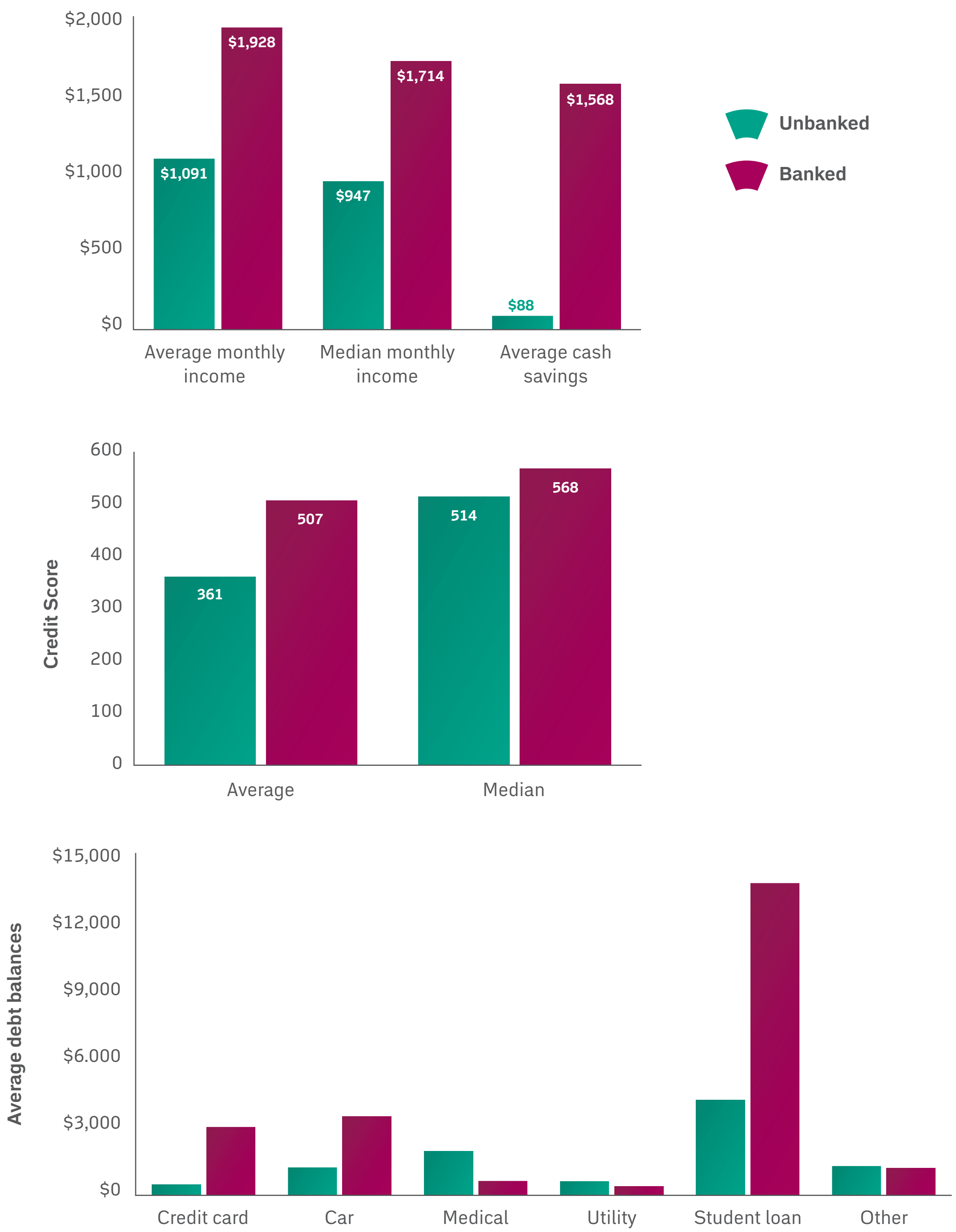


Figure 20 • Financial Status of Banked and Unbanked Clients



Returning for additional counseling sessions made a big difference for unbanked clients, increasing their odds of opening safe and affordable bank accounts by 71.2%. Nonetheless, people who were unbanked were 28.4% less likely to open an account than those who already had an account. The presence of wage income more than doubled the likelihood that an unbanked client would open a bank account, suggesting that removing other stressors may help an unbanked person to see opening an account as a priority or even an option. In addition, people who were unbanked at intake were 36.1% less likely to establish a credit score relative to those who had either a checking or savings account. They also appeared to be slightly less likely to achieve a debt reduction but the effect was not statistically significant.

Finally, people who were unbanked at intake were 53.3% less likely to increase their savings than those who had either a checking or savings account, even when controlling for factors like income. However, those unbanked clients who became banked during the course of counseling were 7.65 times more likely to increase their savings relative to those who never became banked.

People Without Wage Income

Who they are: Twenty percent of FEC clients did not report wages as part of their Financial Health Assessment. These clients were, on average, four years older, more likely to be male, and less likely to have completed any post-secondary education than those with wages. People without wage income were more likely to be homeless or staying with family or friends and less likely to have checking or savings accounts, to be confident they could cover an unexpected $500 expense, and to feel in control of their finances.

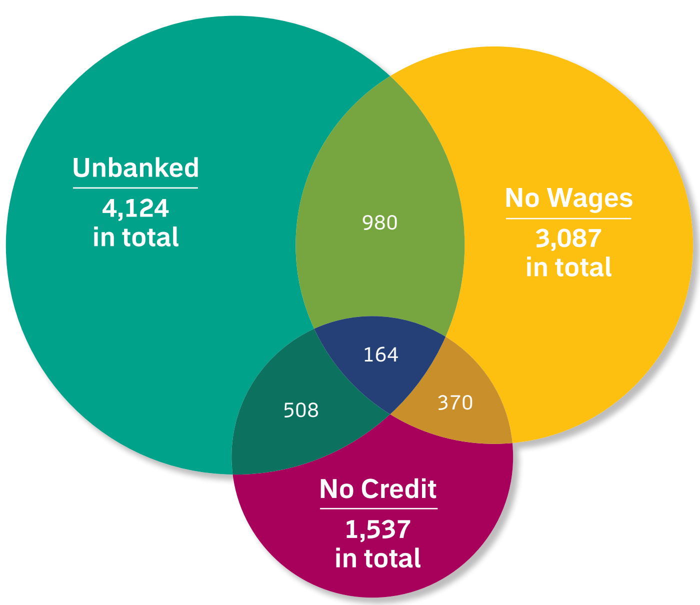
Table 18 • Financial Status of Clients With and Without Wage Income

	No Wage Income	Wage Income
Average monthly income	$839	$2,192
Median monthly income	$710	$1,955
Average debt	$21,207	$33,079
Median debt	$9,000	$17,335
Average cash savings	$875	$1,604
Average credit score (among those with scores)	587	585
Median credit score	543	565
Percent without credit score	27.9%	13.2%

Thirty-two percent of clients without wage income were unbanked, compared to 13% of all other FEC clients; they had lower financial baseline numbers in all categories, as seen in Table 18.

What they achieved: People without wage income were 11.4% less likely to return for a follow-up session than those with wage income. Clients without wage income were struggling with a number of financial challenges and thus, perhaps unsurprisingly, were less likely to achieve

Figure 21 • FEC Clients with Overlapping Barriers: Without Bank Accounts, Wage Income or Credit



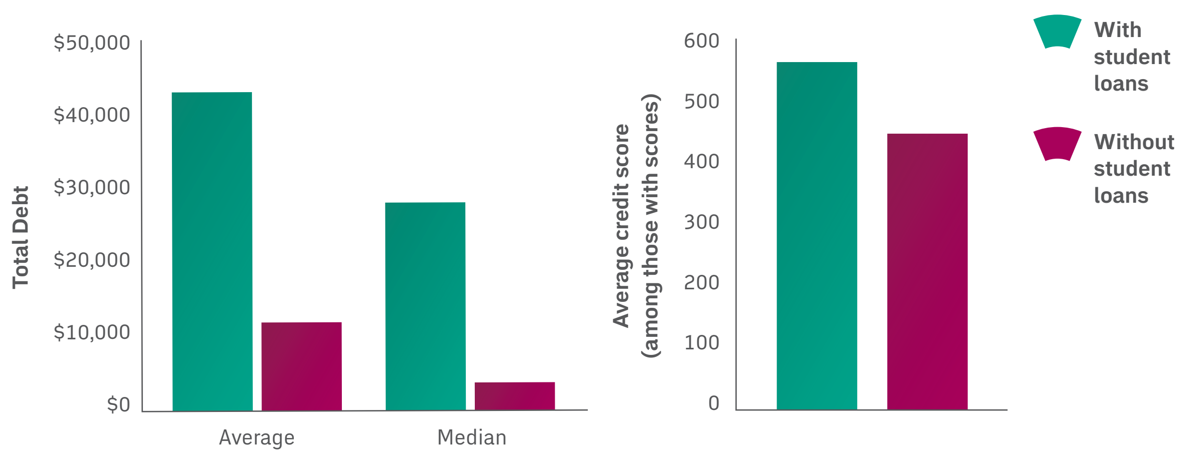
financial outcomes compared to clients with wage income. For example, people without wage income were 57.1% less likely to open bank accounts, 41.3% less likely to make positive improvements in their credit score than those with wage income, 28.7% less likely to reduce debt, and 40.6% less likely to increase their savings than those with wages.

When clients without wage income were able to achieve outcomes, they were often related to debt: of these clients, 15% (or 111 clients) achieved 160 outcomes; almost half of the outcomes that they achieved were reducing debt.

People with Student Loans

Who they are: As discussed above, nearly four in ten clients with Creditor Records providing detailed debt information had student loans. Logically, as Table 19 shows, clients with student loans were more than twice as likely to have attended or completed some level of post-secondary education compared to clients without student loans. Suggesting the rewards of higher education, clients with student loans were less likely to be extremely low-income and more likely to have incomes above their area median income, adjusted for household size, as shown in Table 20. Similarly, Table 21 shows that those with student loans were more likely to be employed (especially full-time) and, of course, more likely to be students; they were less likely to be retired or disabled. They were also more likely to be female, primarily English-speaking, and under 45 years old.

Figure 22 • Financial Status of Clients With and Without Student Loans



Within the subset of FEC clients whose Creditor Records contain sufficiently consistent data, 1,689 people had $50,419,133 in student loan debt, making up 68% of their total debt balance. Those with student loans were about as likely as to have each other major debt type of account as those without student loans. Table 22 shows that the average current balances on each type and even average savings were fairly similar among clients with and without student debt; however, their total debt levels were markedly different.

Table 19 • Educational Level of Clients With and Without Student Loans

	With Student Loans	Without Student Loans
Less than high school	1.7%	14.7%
High school/GED	25.0%	44.8%
Voc/tech/business school	8.5%	5.2%
Two-year college	24.3%	16.6%
Four-year college	25.4%	8.4%
Graduate school	11.2%	3.3%

Table 20 • Income Distribution of Clients With and Without Student Loans

% of Area Median Income by Household Size	With Student Loans	Without Student Loans
< 30% Extremely low income	34.1%	44.1%
31% – 50% Very low income	30.2%	28.3%
51% – 80% Low Income	21.5%	17.5%
81% – 100%	5.8%	4.5%
> 100%	8.1%	5.2%

Table 21 • Employment Status of Clients With and Without Student Loans

	With Student Loans	Without Student Loans
Employed full-time	52.9%	36.8%
Employed part-time	16.0%	12.4%
Self-employed	3.3%	3.5%
Retired	1.8%	9.7%
Unemployed	11.5%	14.4%
Student	3.4%	1.7%
Stay-at-home parent	2.5%	3.3%
Temporarily/permanently disabled	8.4%	18.1%

Table 22 • Debt Portfolio and Financial Indicators of Clients With and Without Student Loans

	With Student Loans	Without Student Loans
Average total balance	$42,955	$11,937
Median total balance	$28,016	$3,764
Average balance for each loan type:		
Student loan	$29,851	n/a
Credit card	$2,522	$2,311
Utility	$502*	$405
Other	$1,013	$1,380
Medical	$744	$879
Car	$3,704*	$2,584
Average cash savings	$1,048	$1,072
Average monthly income	$1,842	$1,649
Average credit score (among those with scores)	574*	596
Percent without credit score	3.1%*	21.7%

* statistically significant difference

What they achieved: People with student loans were 35% less likely to achieve debt reductions than people who did not have student loans, possibly reflecting the relative difficulty of reducing this debt type. Having student loans was not a statistically significant factor for achieving other financial outcomes. The CFE Fund will continue to explore differences among FEC clients and their outcomes based on the size or number of their student loans or the creditor type (public vs. private).

SUPERVITAMIN EFFECTS

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. This is expected to lead to a more efficient use of city resources in the long term.[56]

The theory of change that inspired the development of the Financial Empowerment Center program model started with the observation that funding for traditional public services was dwindling as demand for such support was rising. Local governments had to do more with less, and therefore needed to focus on programs with the most significant impact to help stabilize their communities. Cities had a particular interest in the financial stability of low-income households, because instability both increased demand for, and decreased the success of, municipal social services. Financial empowerment services not only could bolster the efficiency and effectiveness of municipal services but also could create more resilient communities. With public mandates to serve their entire cities, mayoral administrations could build financial empowerment services into anti-poverty programs at scale. This Theory of Change is represented in Figure 23.

Without specifically using the term "Supervitamin Effect," partner organization staff in all five cities touted the FECs' ability to augment existing services and improve their clients' outcomes. 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.

Figure 23 • Theory of Change Behind FEC Initiatives

The local evaluation commissioned by the Philadelphia FEC similarly found that partner organization staff believed their organizations benefited greatly from the FEC, reporting that some host organizations saw increases in their own program output and, in some cases, increased likelihood of lasting client outcomes. For example:

- An entrepreneurship program 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.
- A homeownership program doubled its participant numbers during the year of its FEC partnership; while the program said it was doing a better job of publicizing itself and tracking participant progress, it believed that FEC counseling was providing much needed assistance to clients in terms of credit repair, budgeting, and debt reduction. Moreover, program staff believed that people who became homeowners with the assistance of FEC counseling "will be better off in 5 to 10 years, and more likely to remain in their own homes, as they have built the financial wherewithal to meet the expenses of owning a home."[57]

Across the five cities, housing and homeownership goals were found to be particularly well suited for FEC services. Partner organizations focused on homeownership or with working with clients to secure permanent housing were easily able to describe to clients the link between FEC services and their housing-related goals. Counselors and focus group participants highlighted the focus on clients' whole financial profile (as opposed to just the credit score) as a key framework that supports clients' overall prospects of securing and retaining safe, affordable housing. FEC services directly contributed to clients' housing and homeownership goals by enabling clients to:

- *Reduce debt:* Counselors helped clients identify and reduce specific debts to improve their ability-to-pay profile to gain approval for affordable homeownership programs.
- *Improve credit scores for mortgage and rental approval:* Credit was a significant barrier for several clients seeking home ownership through commercial lending products or rental approval at public and market-rate rental properties. Counselors reviewed clients' credit reports in detail and modeled credit disputes to remove errors or reduce debts in the near term to improve their credit scores over time.
- *Increase savings for mortgage down payment or rental deposit:* Clients working with affordable homeownership programs at partner organizations were often required to provide a down payment in addition to demonstrating the ability to pay the affordable mortgage on a monthly

"[The FEC] really helped me to get tools around budgeting. [It] gave me a clear picture of where I was at and an action plan to tackle my debt. One thing I didn't know is that someone else was using my credit I had a whole bunch of things on my report. [My counselor] taught me how to dispute it...how to contact the credit bureaus I learned to request my credit reports every year and have been focusing on my credit. I'm in [a] business program. Because of what I did previously [with the FEC], it set me up with my business. I meet with a coach every two months. I'm learning howto balance my finances. I appreciate it. They taught me a lot."

– Focus group participant

basis. Counselors worked with clients to develop a budget or savings habit in advance of home ownership to save for the down payment to purchase their homes.

- *Maintain housing:* Counselors helped current homeowners remain in their homes by helping them develop budgeting and payment patterns of paying their mortgage on time. Counselors also developed payment plans with clients who were delinquent on mortgage payments to help them regain good standing with their lender/landlord and reduce the probability of foreclosure or eviction due to payment noncompliance.

In particular, [partner organizations] believe FEC counselors bring a vital expertise (i.e., financial counseling) to their organizations' skills base that, without exception, no host organization has on its own. As such, FEC's partnership basically fills a major skills gap, especially for staff who are on the frontlines of poverty-alleviating programs (e.g., case managers).

– Fels Institute of Government

One of the most promising case studies illustrating the Supervitamin Effect is in Lansing, Michigan's work reducing stays in transitional housing for people on parole. Upon leaving prison in Michigan, about 22% of parolees are unable to secure housing independently, unable to stay with friends or family, and ineligible for shelter due to the nature of their offense. The Lansing FEC's saw the potential in integrating financial counseling into parolee housing because a) the lack of a bank account and savings, low credit score, and high debt (including debts related to incarceration) are all barriers to securing housing; b) addressing and improving these financial factors can enable parolees, rather than the Department of Corrections, to pay for their housing and maintain independent housing stability; and c) increasing housing stability can decrease rates of recidivism.

Preliminary data suggest that FEC counseling helps parolees find independent housing more quickly. In Fiscal Year 2013, prior to the integration, parolees in Ingham County stayed in supported housing an average of 117 days while the median stay was 92 days. After two years of the pilot, in Fiscal Year 2015 the average stay was 92 days and the median stay was 65.5 days, representing a reduction of 25 days (average) and 26.5 (median). Among parolees who received counseling: 37% established a monthly savings pattern, 33% opened bank accounts, and 15% increased their credit scores.

Like other clients, parolees experienced the confidence- and skill- building effects of FEC counseling. Eight men, invited to share their thoughts about financial counseling in a facilitated dialogue for the Lansing FEC at the Ingham Parole Office, observed that their parole officers had become more congratulatory and reassuring on seeing them achieve financial milestones. Other comments included:

> "When we budgeted, we budgeted together. I was not surprised or told to do something that I felt was outside of what I had agreed to."
>
> "Never made to feel like I had to follow someone else's plan. I was asked what my goals were from the beginning."
>
> "I needed transportation, and needed it bad, and my financial counselor helped me budget to purchase an Explorer."
>
> "Never made feel like someone else was doing things for me. I was coached and my financial counselor always followed through on our plan. I felt like I was working with a friend who wanted me to succeed from the beginning."

The CFE Fund and Lansing FEC are exploring opportunities to conduct a randomized control trial to build further evidence of this Supervitamin Effect.

Figure 24 • Logic Model of Lansing FEC Integration with Supervitamin Effects

Goal: Reduce financial barriers for Michigan's parolees to decrease their likelihood of recidivism

Objectives

1. Reduce barriers to save, affordable banking products and services.
2. Establish or improve credit score.
3. Decrease debt including victim restitution and prisoner institutional debt.
4. Increase savings to establish an emergency fund and cover expenses of securing unsubsidized, independent housing (security deposit and first month's rent).

Integration Points and Client Touchpoints

Prison In-reach

- First one-on-one financial counseling session or workshop.
- Client release to check credit report and ChexSystems report.

Parole

- Parole agent schedules financial counseling appointment at first check-in meeting.
- Monthly counseling sessions at parole office (in coordination with parole check-ins if possible).

Services and Activities

One-on-one financial counseling

- Conduct Financial Health Assessment.
- Banking: review ChexSystems report and address issues; educate on banking benefits, terms, and features; obtain documents needed to open account.
- Credit: review credit report; identify any identity theft while incarcerated; resolve credit report issues.
- Debt: develop budget that includes payment to victim restitution and prisoner institutional debt.
- Savings: include savings plan in budget, including dedicated savings for housing costs and an emergency fund.

Bank account enrollment events

Basic needs programs

Outputs

Number served

Number financial counseling sessions

Average number of financial counseling sessions per client

Number who reviewed credit reports with counselor

Number who reviewed ChexSystems report with counselor

Number who created a budget with allocation for victim restitution and prisoner institutional debt

Number who received outbound referrals to basic needs services

Number bank account enrollment events

Number who attended a banking access event

Outcomes

Number who opened bank account and kept account open

Number who established credit and/or improved credit score

Number who established savings

Average and median savings increase

Number who decreased debt (and specifically victim restitution and prisoner institutional debt)

Average and median debt decrease

Number who secured unsubsidized, independent housing

“With intense collaboration and trial-and-error we are getting closer to integrated data sharing.”
– City FEC manager

Other cities looked to examine Supervitamin Effects. The Nashville FEC produced customized reports to support its partnership with a community- based case management program for homeless or at-risk families. The program goals included some related to personal financial well-being and progress, and the FEC was the only entity able to report on these goal areas. Unfortunately, data-matching issues were again a challenge in this example; FEC leadership hoped to access the partner program’s data to identify Supervitamin Effects in the future.

Finally, Philadelphia conducted a formal exploration of potential Supervitamin Effects in its partnership with Congreso, a multi-service nonprofit, where a FEC was co-located. The local evaluator analyzed the outcomes of clients enrolled in Congreso social services who did and did not receive FEC counseling, but data collection procedures and sample size were among the issues again making it difficult to quantify any possible Supervitamin Effect. While Congreso had a strong data system in place, the evaluator concluded that most other FEC partners “either lack the foresight to create processes to gauge the benefits, or they lack the capacity to execute such processes (e.g., lack of IT tracking systems, no staff with appropriate skills to accomplish or available time).”[58]

Despite these challenges, the maturation of the FECs and their partnerships offers strong potential for identifying the Supervitamin Effect of FEC services. Based on the promising results of Lansing’s Supervitamin work with parolees, 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 pilots. Through building up the FEC infrastructure in cities across the country and looking to launch research pilots—including randomized control trial (RCT) pilots—the CFE Fund hopes to continue to understand the Supervitamin Effects that integrating financial counseling can have in boosting the effectiveness of other social services.

PSYCHO-SOCIAL OUTCOMES

Focus group participants described how participating in FEC services and achieving FEC outcomes had affected their lives in myriad ways, ranging from achieving long-term goals such as homeownership to developing negotiation or budgeting skills and gaining a sense of confidence and self-efficacy. Some participants cited specific, measurable outcomes including increases in their credit scores or a precise number of debts reduced, while others focused on the sense of financial freedom or empowerment they achieved as a result of these outcomes.

Participants also talked about how the outcomes they achieved through their work with the FEC had implications for their families. One participant explained that she came into counseling without the ability to guide her family: "Parents don't have the [financial] tools to teach their kids. My mom didn't have the tools to teach me." In contrast, multiple participants talked about how FEC services had impacted their ability to demonstrate the lessons or attitudes they had developed to teach their children about savings, budgeting, and overall financial health. These intergenerational outcomes benefited participants' families in the near term through improved household financial health and in the long term by transferring the knowledge and behaviors as a foundation for long-term financial health.

The Center for Financial Services Innovation defines financial health as when "an individual's day-to-day financial system functions well and increases the likelihood of financial resilience and opportunity. There are three core elements of financial health: smooth and effective management of one's day-to-day financial life; resilience in the face of inevitable ups and downs; and the capacity to seize opportunities that will lead to financial security and mobility."[59]

The focus group discussions reveal that working with the FECs made significant contributions to participants' financial health in ways not measured by the outcomes data. The broad categories of non-material or financial health outcomes participants reported were:

- Reduced financial stress and improved emotional health;
- Confidence and self-efficacy; and
- Development of financial decision-making skills

Even in the absence of substantial income gains, the sense of self-efficacy and reduction in stress that came with financial stability had important benefits in people's lives. Participants and counselors consistently emphasized that participants came to the FEC feeling disempowered and as though they had little control of their finances. Often this was a function of lack of knowledge about financial products or how to advocate for themselves. In other cases, the lack of a budget or clear savings plan left them feeling constantly behind and stressed about how to meet ongoing and accumulating financial obligations. Participants described the financial stress they experienced prior to meeting with FEC counselors as "personal turmoil," "inability to cope," "hopelessness," or "rock bottom." Some participants described their self-esteem at "an all-time low" and said they felt like they had "nowhere to turn." As one participant shared, "being in financial stress was depressing. I was in a bad state." Some participants expressed trouble sleeping due to their perceived state of financial crisis.

As a result of FEC services, participants expressed reduced financial stress and a sense of "security" or "freedom" due to the financial goals they achieved. Some

Supportive counseling partnership

A PARTICIPANT WHO STARTED SEEING her FEC counselor when she was going through a separation reported needing help financially at every step. She had not worked previously outside the home and was not sure how she would put food on the table for her children or gas in the car. Aside from friends, she felt completely "alone." She found the FEC through a flyer at her child's school. Her counselor gave her hope that she would get beyond the financial "dead ends" she had encountered and assured her that she was not alone. She has maintained her car, provided financially for her children, and improved her credit as a result of the FEC.

participants also expressed improved confidence and self-efficacy because of the financial knowledge they gained and the personal counseling relationship itself, distinct from specific financial outcomes achieved. Participants cited the personal, one-on-one counseling relationship as a key factor driving their sense of confidence and control. In addition to decreased stress and improved confidence, participants also reported specific decision-making or negotiating skills that counselors helped them develop to augment their sense of self-efficacy through tools they could use in a variety of situations.

Participants reported that achieving financial outcomes had reduced their sense of financial stress. This reduced stress, in turn, increased their cognitive bandwidth and likelihood to adopt better financial decisions. Further, according to research, not only does financial stress impact child welfare by impairing parents' ability to provide parenting, but poor family financial health can also hinder a child's ability to develop positive financial habits in the long run.[60]

"I'm in the process of purchasing a home with my fiancé. I've been able to sit down with [my fiancé] and coach him and go through his credit report. [Some items] are past the statute of limitations. He didn't know about the annual credit reports. What we learned we're able to pass along to other people. I can take it with me and help somebody else. It's helpful to a lot of people."

— Focus group participant

Participants also shared that achieving financial outcomes such as paying down debt or increasing their credit score gave them a sense of "freedom" from financial stress, which had immediate as well as lasting effects on their outlook. By asserting a degree of control over financial issues in their lives, participants experienced a broader sense of self-control and calm. They benefited emotionally from this sense of freedom and control in the near-term as well as the associated security they felt about their future well-being as a result of improved financial management and the specific financial outcomes they achieved. At one focus group, all participants emphatically agreed when one person asserted that FEC services "give you control over what you're doing."

Many participants described coming to the FEC as a "transformative" experience empowering them to feel better about their state of mental and emotional well-being, and multiple participants were able to recall the precise date of their first FEC session given its profound impact on their lives since then. Several participants even expressed gratitude for the program from a deeply spiritual place and considered the program a divine intervention on their behalf; one stated, "When I saw the financial empowerment program, it was like God opening a door for me."

Reduced stress and improved emotional well-being had effects on participants' personal relationships and families as well. Participants reported the effect of FEC services in their personal lives as resulting in improved intra-household communication and decision-making. Some participants who attended FEC sessions as a couple reported that FEC sessions provided a forum in which they could talk to their partner or spouse about finances in a structured, almost therapeutic format with an unbiased third party. One participant shared that working with the FEC helped her reunite with her husband as a result of taking more control of her finances.

Participants universally praised the FEC's positive impact on their sense of self-efficacy and their ability to approach financial and non-financial challenges in their lives with an increased sense of confidence. As one participant stated: "The sky's the limit now for my self-esteem."

Conversations with staff and participants indicated that financial counseling geared toward achieving financial goals empowered them to seek out and accomplish other life goals, financial and otherwise. Near-term successes built participant confidence in counselors' skills and recommendations, which encouraged ongoing participation and efforts toward outcomes.

> *"Going into [the session], I already had a plan. I came with my debt and knew what I needed to do. But she taught me to start saving. You don't know the unexpected. If your tires go flat you have a way to pay for it. It saved me from going to court for major hospital bills."*
>
> *—Focus group participant*

Beyond the confidence gained by achieving specific financial outcomes or improving financial literacy, participants often attributed their increased sense of confidence to the counseling relationship with FEC counselors itself and the personal support they received through the FEC. By modeling skills such as credit dispute processes, projecting confidence themselves, and working with clients to achieve concrete near-term successes, counselors built clients' confidence to address future financial issues on their own.

Participants shared a variety of concrete skills learned through FEC sessions, including the ability to: better assess their financial situation; build structured goals; seek appropriate resources; and navigate use of those resources. Participants described these skills as a "toolbox" from which they could pull to work toward and maintain a number of financial and broader life goals. As one participant described it, FEC services "[teach] you how to think smart when you're faced with other business challenges." Examples of specific skills developed through this "toolbox" approach included negotiation skills, consumer awareness, self-advocacy, and budgeting, as described below:

- *Negotiation skills.* Counselors worked with clients to negotiate debts with creditors, dispute credit report items, or set up payment arrangements. Counselors first demonstrated successful negotiations for clients and/or helped clients prepare talking points to use when contacting creditors independently. Participants talked about the value of working with a professional and having an advocate on their side when making initial calls. When calling creditors independently, some participants even mentioned the FEC during the call to add credibility to boost their own confidence. As one participant stated, "Creditors respond differently just because you're working with an FEC counselor."

  Participants reported learning to ask for payment arrangements and if they could make partial payments if appropriate after finding out from their counselors that creditors have to accept any amount of an outstanding debt offered by the debtor. Additionally, some participants reported using these negotiation skills in situations outside of the FEC, such as when purchasing a new car.

- *Consumer awareness, self-advocacy.* Through FEC services, participants reported taking a more critical view of product or user agreements. They talked about how counselors gave them the confidence to ask more questions about the financial products they were considering. Through this initial encouragement, participants talked about how they became better consumers of financial products. One participant

Field Insights on Increasing Savings

ONE PARTICIPANT SHARED THAT WHILE her income was relatively high, her expenses were also so high that she was living paycheck to paycheck. She talked about how she and her husband ate in restaurants regularly and did not set up a family budget. Coming to the FEC helped her identify high expenses and identify that she was "the spender." Together as a couple, she and her husband are now setting family budgets and monitoring their discretionary spending.

talked about acting on the advice of her financial counselor to start setting up fraud alerts to prevent against future identity theft.

Counselors also talked about those participants who, because of increases to their credit, started receiving more credit card offers. While some participants expressed feeling excited or even flattered by the external recognition of their improved creditworthiness, they were able to conjure the sense of discipline instilled in them by their counselors to resist the temptation to open the envelopes or follow through on preapproved offers.

- *Budgeting and self-control.* Counselors helped participants understand their personal cash flow and adopt behaviors promoting self-control to manage their budgetary balance when faced with daily spending or saving decisions. Counselors walked through spending habits and reviewing bank statements, credit card statements, and other financial documents. Through encouragement from counselors to meticulously track expenses for a set period of time, participants reported being able to identify unexpectedly high expenses. Several participants noted how detailed budget exercises helped them identify unexpectedly large recurrent expenditures (e.g., eating out, daily coffee purchases) in order to craft specific action steps that included reduced spending on those specific items.

  Some counselors provided clients with blank, pre-formatted Excel spreadsheets or paper budgets to help them calculate monthly budgets and realistic savings goals. Clients talked about how they have used these tools to craft and recraft their budgets independently, often with family members.

  In addition to budgets, counselors taught clients to journal about expenses and spending to stay on track with their developed budget. One participant who started journaling as a result of attending the FEC used this tool to journal about other life goals as well. He shared that the journals helped him reflect on his state of mind when he went to purchase something so that he could understand why he had or had not stuck to his original spending plan. He said he now journals about intentions toward other aspects of life, including fitness and work goals. He described his spending problem before FEC services as "borrowing from Peter to pay Paul," but the skill and practice of reflecting on his former state of mind as it relates to future decisions has granted him the "wisdom" and a sustainable tool to create lasting behavior changes.

PART 3 Impact on Organizations and Cities

Beyond the 14,493 financial outcomes achieved by 5,305 individuals from March 2013 through September 2015, the FEC initiative helped change the way cities and their nonprofit partners approached anti-poverty programs and policies. Within each city, the social service landscape became more attuned to the need for and potential of effective financial inclusion work. Mayoral administrations demonstrated their greater interest in this work by securing ongoing public dollars to sustain FEC services, as well as by establishing new coordinating bodies, such as new Offices of Financial Empowerment to leverage the FEC initiative for even more related work. The five cities became more closely involved in—and recognized as leaders of—the growing national movement toward financial empowerment and inclusion.

IMPACT ON THE SOCIAL SERVICE LANDSCAPE

Prior to the FEC initiative, the five cities had varying levels of service supporting financial stability and asset building among low-income populations. In some cities, the history of municipal or nonprofit-backed asset building services was relatively robust, while in others, the FEC represented the first sustained attempt to introduce financial inclusion services for low-income people citywide.

> *"We have truly changed the landscape of social services in the City of Denver."*
> *— City FEC manager*

City partners report that financial inclusion services for low-income residents in most cities prior to FECs represented a patchwork of private financial services that residents found on their own or through a limited number of referral partnerships between nonprofit organizations and financial institutions. Some city and nonprofit management shared that previous services consisted primarily of financial literacy classes offered by banks, credit unions, or private companies as workshops at religious institutions and one-time community events, as well as free tax preparation campaigns. Where nonprofits also offered money management classes or specific financial services, these were often in conjunction with housing or utility assistance programs and often as a condition for service receipt, such as the pulling of credit reports in a housing program. One city had provided credit counseling as part of municipally-delivered housing counseling, delivered through both classroom and one-on-one sessions; from this experience, city leadership rejected classroom-based financial education as ineffective.

Similarly, financial inclusion services prior to FECs in the five cities were not characterized as data-driven. The workshops and objective-focused services did not involve detailed tracking of outcomes, and evaluation efforts primarily sought to capture attitudinal changes.

THE FEC IMPACT

In contrast to these previous services, the FEC's unique program model engaged multiple stakeholders in a comprehensive, individualized model that incorporated management activities including staff development and outcome measurement. Across all cities, city and nonprofit management shared that the FEC represented the most purposeful attempt at the city level to integrate financial inclusion services into key municipal and nonprofit partners serving low-income populations.

City, implementation nonprofit, and nonprofit partner staff cited several unique characteristics of the FEC model that deviated from previous service delivery in each of the five cities:

- *Free Public Service:* This municipally led service was offered to all residents, free of charge.
- *Comprehensive Services:* The FEC offered a holistic attempt to address the financial needs of low-income people rather than address acute issues in silos.
- *Counselor-Client Relationship:* The one-on-one counseling model enabled counselors to work more intensively with clients, modeling specific skills and working together on long-term goals.
- *Social Service Connectivity:* The FEC model emphasized referrals to and from social services. Counselors' training and professionalism bolstered the credibility of referrals because partner staff could cite the expertise and training of the financial counselors. In addition, co-location reduced attrition of referrals, as clients more reliably attended financial counseling at the same site where they were already receiving other services.
- *Measurable Outcomes:* The data-driven nature of FEC reporting enabled cities to demonstrate progress toward measurable outcomes to stakeholders across the city, representing financial behavior change beyond metrics like "number of clients served."
- *Trusted Source:* The provision of services through local government enabled clients to trust FEC services, distinguishing them from predatory efforts.
- *Elevating Financial Inclusion:* The visibility of the program embedded with city offices and at reputable nonprofit partners served to elevate the importance of financial inclusion services in all human service areas and attracted new partners. Also, consistent, regularly available services enabled partners to more purposefully think through ways that financial inclusion services could support the goals of existing programs and services.

Conversations with staff and participants indicated that the program had a broader impact on the financial inclusion service delivery landscape in each of the five replication cities. The FEC affected integration partner organizations directly by increasing overall capacity to work with clients on pressing financial issues. Specifically, partner staff talked about how FEC services helped support clients' long-term goals or created an opportunity to talk with clients about planning for their futures, even when the partner organization's primary services were focused on addressing more urgent needs (e.g., housing, employment, food security, chemical dependency). More broadly, FECs shifted the discourse about financial inclusion services, demonstrating the value of a more holistic set of services that could be integrated into a municipality's social services.

Across all cities, city and nonprofit management shared that the FEC represented the most purposeful attempt at the city level to integrate financial inclusion services into key municipal and nonprofit partners serving low-income populations.

For example:

- In Lansing, the nonprofit provider noted that the FEC has been one of its most successful programs over the last 40 years with regard to its impact on clients' lives.

Management believed that historically, the organization had been "trapped" in only being able to address immediate problems facing clients; the FEC has shifted the organizational approach, allowing the agency to envision a longer-term perspective.

- In Denver, city and nonprofit management shared that the FEC had elevated the prominence of financial inclusion services in strategic discussions of coordinated social service delivery throughout the metropolitan region.
- In Nashville, the success of the FEC increased city and nonprofit leadership's ability to make financial empowerment a priority in public and nonprofit funding decisions. The United Way now prioritizes grant applications that propose referring people to the FEC and other efforts at partnering with the FEC. The FEC's positioning within the United Way has increased the prominence of financial counseling in the municipal social services community and has encouraged local service providers to incorporate financial stability goals into their service models.
- The San Antonio nonprofit FEC managers reported that increasing numbers of nonprofits want to incorporate financial counseling into existing case management. They also credit the FEC with impacting federal policy by filing complaints with the Consumer Financial Protection Bureau (CFPB) regarding payday lenders, mortgage lenders, and credit card lenders.

IMPACT ON GOVERNMENT

Each of the partner cities felt that being part of the national FEC movement helped elevate the importance of financial empowerment work in their city. The city FEC managers reported that the FECs significantly contributed to expanding municipal governments' involvement in and commitment to financial empowerment. Mayors created the new Offices of Financial Empowerment (OFEs) in Lansing and Denver and the new Office of Economic Empowerment and Opportunity (OEEO) in Nashville, based largely in response to the effectiveness of FEC services. Creating these offices enabled them to consolidate efforts and elevate the importance of financial inclusion work in their administrations. In the three cities with new municipal financial empowerment offices, the city FEC manager became the director of the office, with ongoing FEC work as part of their portfolio. In addition, in all five FEC cities, the FEC managers came to serve as resources for regional and even national financial empowerment work.

> *"The Mayor's Office of Innovation regularly holds our program up as the model for Metro departments and nonprofit agencies."*
> *— City FEC manager*

Lansing's OFE added a Bank On, a Child Savings Account, and a Youth Employment Success program to the city's service offerings. Its OFE served as an organizing focus for financial empowerment efforts in the city, building off the foundation of the Financial Empowerment Center. Lansing's OFE has also become an adviser for both city and statewide financial empowerment efforts: Lansing's OFE Director/FEC manager was asked to co-chair the Economic Opportunity Work Group for the Power of We Consortium in Lansing, to speak at the national Community Action Partnership meeting, and to address a small group meeting with Richard Cordray, director of the federal CFPB. In addition, the Lansing OFE has been collaborating with the statewide organization that helped launch the FEC to find public funding for a statewide partnership to replicate the FEC model in other cities.

> *"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*

The Denver OFE is the coordinating hub for the City's anti-poverty and financial mobility efforts. The Denver FEC built a relationship with their Office of Economic Development (facilitating the integration of FEC services with newly outsourced social service structures for workforce and TANF) and with the Office of Human Resources (conducting a survey of all city employees to demonstrate their demand for FEC services). It also relaunched Bank On Denver under the OFE, and cross-promoted FEC and Bank On services to residents. Denver was also developing a regional approach to financial empowerment efforts, helping Boulder County develop a FEC, expanding Bank On services to include Boulder County, and talking to other counties about similar projects.

The Nashville OEEO increased the prominence of financial empowerment services as a key piece of the mayor's political agenda. It oversees the FEC, affordable housing policy, and workforce development activities. Even before the OEEO was established, the FEC had influenced Nashville's Continuous Improvement for Collective Impact (CICI) initiative, through which the mayor's office evaluated public and nonprofit programs that address poverty-related issues. The goal of the CECI was to create "process maps" of the city government's work, leading to "ongoing improvements to current processes and programs with results supported by data" and "a more collaborative, outcomes- and evidence-based approach to addressing inequality and supporting increased opportunity."[61] Through CICI, FEC staff regularly demonstrated the potential for dynamic use of data in local government, modeling program design, client-level tracking, and reporting to a group of executive directors, Mayor's Office advisors, and department heads.

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In Philadelphia, FEC services informed other city efforts. The city FEC manager consulted on the City Commerce Department's Business Empowerment Centers, which use a FEC-like model to provide special supports to entrepreneurs. She also provided technical assistance to other cities, working with multiple national nonprofit partners.

SUSTAINING FECS AS A PUBLIC SERVICE

From the beginning, the CFE Fund encouraged city partners to focus on sustaining FEC services after the three-year grant period came to a close—with an emphasis on sustaining services through public investment. To help partners plan for sustainability efforts, in 2014 the CFE Fund created a Sustainability Playbook recommending critical steps to move FEC initiatives from initial grant funding to broad-based, ideally public, investment.

Table 23 • Federal Funding Streams Supporting FEC Sustainability

Funding Stream	Federal Agency	Overview
Community Service Block Grant (CSBG)	U.S. Administration for Children and Families (ACF), Office of Community Services	Supports projects that reduce poverty, revitalize communities and increase self-sufficiency.
Community Development Block Grant (CDBG)	U.S. Department of Housing and Urban Development (HUD), Office of Community Development and Planning	Supports development of low-cost and affordable housing as well as work to improve and sustain infrastructure in disadvantaged regions and neighborhoods, and to support economic development and community service projects within communities.
JobsPlus	U.S. Department of Housing and Urban Development (HUD)	Supports efforts in Public Housing Agencies to increase earnings and advance employment outcomes for residents, and to provide support services such as work readiness, employer linkages, job placement, and financial literacy.
Head Start	U.S. Administration for Children and Families (ACF), Office of Community Services	Supports the comprehensive development and school readiness of young children from low-income families in centers, child care partner locations, and in their own homes. Head Start services include early learning, health, and family well-being.

The playbook covered a range of topics to help cities map out their sustainability strategy. These included leveraging new funding sources; building relationships with program champions both inside and outside city government; and demonstrating and messaging program impact. Notably, all five cities secured funding for calendar year 2016, sustaining the FECs after the CFE Fund grants ended. Their efforts across each of these topics is detailed below.

LEVERAGING NEW FUNDING SOURCES

As noted, an important program sustainability goal was garnering support for the program through public dollars; all five cities successfully tapped public funding streams to sustain FEC services. Three of the five cities were able to leverage city funding streams to support the FECs, and three cities received federal funding for FEC services—a promising next step for vgrowing and expanding the FEC model. Finally, cities also pursued private philanthropy support, including funding for targeted pilot projects.

City Funding

Four cities secured roughly $800,000 in city tax levy or general fund dollars, covering half to three-quarters of their 2016 budgets. Funds were often divided between the nonprofit partner and the city agency, and went through the Office of Financial Empowerment or similar municipal financial empowerment agency.

One city FEC manager observed that "it is highly unlikely that the FEC program will ever be completely funded by the City. … the overwhelming competition for funds to support even the most basic of services like schools and police, makes a dedicated line item unlikely. Therefore, we are hoping to integrate federal, state and philanthropic sources to support the program in the long-term." To this end, all five cities looked to raise money from additional sources.

Federal Funding Streams

In addition to the immediate program support, cities saw federal funding streams as an important pathway both to scale and long-term program sustainability. Three cities used various combinations of Community Service Block Grant (CSBG) and Community Development Block Grant (CDBG) funds, as well as in-kind Head Start contributions to support the FECs with sustainable dollars. Two cities accessed the U.S. Department of Housing and Urban Development's JobsPlus program. In total, cities raised close to $1 million in federal funds for 2016 program operations. Cities also learned from one another in pursuing federal funding: they shared their experiences of leveraging different types of federal funding, and were able to point to one another as examples when working in their own local context. Table 23 provides additional detail on the federal funding streams garnered to support FEC services.

While not without challenges, including additional reporting burdens, these federal funds were important sustainability sources, especially as they represented new uses of federal funding streams for these cities. The CFE Fund will continue to work with city partners to educate federal agencies on how FEC services can fit into federal funding streams and to disseminate best practices in leveraging these streams.

Philanthropic Support

Philanthropic support was an additonal source of funding, more for targeted pilots serving special populations than core FEC services. These funders often highlighted the attractiveness of engaging in public-private partnerships, which offered the ability to reach scale through integration with city programs.

All five cities pursued financial institutions and other corporate contributions, and secured significant private funding. Relationships with the financial institutions—often through Bank On programs—and the involvement of a mayor's office were cited as crucial factors for successful fundraising, in addition to the institutions' natural interest in financial capability.

Three cities raised funds and/or in-kind support through their United Way; in two of these cities, the United Way had served as the FEC nonprofit provider. In addition, in these and other cases, the city engaged in joint grantwriting efforts with its integration partners. One city has successfully tapped the local community foundation; another won multi-year funding from a healthcare provider to integrate financial counseling into health clinics. Two cities have tapped local utility companies as both funders and sources of referrals for clients who are in arrears.

PROGRAM CHAMPIONS

In addition to thinking about program sustainability in terms of funding support, cities also approached sustainability through political and community support. To this end, cities identified and built relationships with program champions both inside and outside city government.

City Leadership

It was critical that city leadership, including the mayor and her staff, were supportive of FEC services. These leaders were able to further partnership discussions across agencies and within City Hall, create opportunities to showcase program impact, and build support for the model as a City priority. In addition, FEC partners saw other City agency heads as key program champions. In one case, the FEC managers focused on including local political leadership (mayor, city council, mayor's cabinet, and other key decision makers) from the very beginning of the grant period: strategies included engaging political leaders in the launch, dispersing FEC services geographically and aligning with city council members in each district served, sharing program success with them throughout the grant period, investing in evaluation and communicating through both data and anecdotes.

Four of the five cities experienced mayoral elections during the three-year grant term: while the incumbents were reelected in San Antonio and Denver, residents in Nashville and

Philadelphia elected new mayors. Even in these administratively transitioning cities, FEC partners were able to make the case for program services, resulting in support from both new mayors. For example, when Nashville Mayor Megan Barry came into office, she created the Office of Economic Opportunity and Empowerment, which she tapped the original city FEC manager to lead. Mayor Barry also newly dedicated city general funds to support Financial Empowerment Center operations. In Philadelphia, Mayor Jim Kenney's emphasis on poverty alleviation, and his cabinet structure, which aligns the FEC oversight office with human services, health, and shelters, supports the continuing integration of FEC services into municipal programs. Continuation of FEC services was also prioritized as a legacy issue: in one city, the outgoing mayor joined the FEC team in meetings with financial institutions to generate momentum around continuing the FEC toward the ends of both the grant period and the mayor's term.

Community Leaders

FEC partners also found it critical to engage with community leaders outside of city government. Often, this happened through referral or integration partner champions.

FECs engaged community leaders for a number of critical reasons. First, cultivating these partnerships helped to raise awareness about FEC services and their connection to city government, ensuring that partners were able to inform clients about this new public service and refer them to services. Programmatic referral and integration relationships were also an important reason to establish partnerships with community leaders. In addition, relationships with community leaders created additional champions who could advocate for the program and influence decision-makers both in city government and in philanthropy. To build these relationships, program managers and counseling staff spent a significant amount of time on outreach activities, ranging from meetings and events to inviting community leaders on site visits.

DEMONSTRATING AND MESSAGING PROGRAM IMPACT

All five cities built and maintained the enthusiasm of key stakeholders, including mayors, by mastering both data and relationships. To make the case for sustained funding and partnerships, all cities highlighted the importance of increasing FEC outputs and outcomes. In addition, cities highlighted the substantive, meaningful nature of the outcomes—rather than measuring the number of clients served or workshops given, cities were able to report on metrics like the dollars of debt reduced or the increase in client credit scores. The data-driven nature of the program and clear evidence of program impact helped them make the case to city agencies and nonprofit partners, as well as senior city leadership. Armed with this data, they were able to change stakeholder expectations of program success.

Both individual and aggregate outcomes data generated in Efforts To Outcomes provided a strong foundation for demonstrating impact that was compounded by powerful client stories. For example, one city reported that "The most persuasive arguments for funding have included both data and client testimonials. No single argument seems to work wholly, but put together, we are able to make the case that this is a transformative program....For example, someone who was able to increase their credit score, which allowed them to get a job; or someone who was able to purchase a home to leave to their children. These are the circumstances that seem to alter the view that financial counseling is 'helpful and a nice thing to do' to something that could change people's lives and move them out of poverty."

PART

4 Key Lessons and Takeaways

FOR LAUNCHING NEW FECS (AND IMPROVING EXISTING ONES)

THE FEC MODEL

TAKEAWAY 1: The FEC model works across a diverse set of cities.

This evaluation demonstrates the viability of implementing the FEC model in a diverse array of municipal and social service settings. The five replication cities varied in terms of their size, economies, social service context, and the degree to which existing financial inclusion services were available. Despite these differences, each city was able to successfully implement the FEC and adhere to the program model with minimal adaptations. Each city developed a unique mix of partner organizations at various stages of integration.

The cities and key nonprofit partners were broadly supportive of the FEC model and worked to implement it with fidelity. This reflected more than compliance with the CFE Fund's contract goals; it was a function of consistent belief in the value of the core elements of the model and the need for professionalized one-on-one counseling for low-income populations.

The FEC model is intensive and requires deep attention at all levels of leadership, from the time of launch through daily operations. This evaluation details the level of care that individual counselors put into each client and into their own ongoing professional development. It describes the thoughtful, data-driven approach that managers used to build and strengthen the organizational relationships that were necessary to reach a diverse population of those with primarily low incomes at appropriate times and places for addressing their financial concerns. It offers guidance on the many areas to prioritize.

The replication initiative emphasized tracking material changes in clients' financial situations, and demonstrated that many people—despite having low incomes and significant material burdens—could achieve not only small but often substantial improvements on these financial indicators. The evaluation probed the impact of these changes and found that they contributed to reduced stress, increased confidence, and improved skills for many clients.

CORE ELEMENTS OF THE MODEL

TAKEAWAY 2: Core model components were critical for client success.

The requirement of municipal government leadership contributed vitally to program credibility and scale. An emphasis on integrating financial counseling into other social services made it possible to give a diversity of residents the opportunity to improve their finances in service of their bigger goals. In addition, the emphasis of the model on providing an open-ended, ongoing counseling relationship was a prerequisite to clients' outcome achievement. Finally, the focus on data enabled both internal program management and external relationship building and fundraising.

While most elements of the model supported one another well, implementation cities identified a few areas where the original assumptions should be changed or could be dropped without damaging the overall integrity and success of the program.

While counselor training and ongoing professional development are unquestionably necessary, the model's requirement of a university-level course with a specific syllabus is the low-hanging fruit for adaptation. In addition, training should include an increased emphasis on the importance of practical experience to build counselor skills. As the field of financial counseling continues to professionalize, more options will become available and may become viable replacements or additions to the training approach taken in this replication.

SELECTION AND STRENGTHENING OF INTEGRATION PARTNERS

TAKEAWAY 3: Integration partner organizations must have capacity and commitment to FEC goals to achieve client success.

In seeking partners, cities should focus on the quality of the partner rather than their potential target population. There are many types of people with financial instability, and they can best be served through strong integrations that encourage financial counseling as a means to a greater end.

Program leadership can encourage successful integrations by identifying and nurturing the factors that characterize strong integration partners:

- Clarity about how FEC outcomes would contribute to mission and program outcomes, with staff able to internalize how financial counseling and client financial progress fit into core services;
- Specific organizational goal for the partnership, with senior management buy-in and championing;
- Specific service delivery approaches to meet partnership goal, tied into programs and policies, including a willingness to make operational changes to incorporate FEC referrals into regular work flow;
- Highly motivated clients;
- High community regard and a reputation for being effective and caring; and
- Advantageous physical location of FEC office within host site, and high foot traffic.

Similarly, cities should aim for full integration with a small subset of partners, while using a larger number of referral and co-location partners to ensure access to city residents at scale.

CLIENTS

TAKEAWAY 4: Despite being open to the general public, FECs attracted clients with very low incomes and financial vulnerabilities, and were able to make significant improvements to their financial conditions.

From March 2013 through September 2015, the FECs in all five cities served a total of 22,174 people. The single most salient characteristic of people who used FEC services was their very low incomes: over 70% had incomes that were below 50% of their area's median income, adjusted for household size, with an average monthly income of only $1,754. About 3.5% of clients reported no income at all, and 22.9% of clients had no health insurance at intake. The five FECs served very different racial and ethnic populations, largely in line with their cities' overall population distribution, and although national statistics show that African Americans/Blacks and Latinos/Latinas have lower average levels of savings and lower credit scores than Caucasians/Whites, race and ethnicity were not significant factors in FEC clients' baseline financial characteristics or in their outcomes.

FECs were open to the public without eligibility criteria or demographic/socio-economic restrictions—and despite their financial challenges and different community contexts, FEC clients in all five cities achieved a range of financial outcomes. Within each city, the specific types of people served were largely driven by the ways that the FEC's partner organizations targeted their own outreach and services.

Cities looking to launch new FEC services can integrate them into a variety of social service contexts that benefit low-income people, while keeping eligibility criteria open—FEC services can benefit a range of low-income residents.

SELECTION, MEASUREMENT, AND PRODUCTION OF OUTCOMES

TAKEAWAY 5: Experience suggests further FEC outcome refinements.

Threshold Outcomes

The evaluation demonstrated that the threshold outcomes are in fact significant and achievable (open or transition to a safe and affordable bank account; establish a credit score; increase credit score by at least 35 points; decrease non-mortgage debt by at least 10%; increase savings by at least 2% of income). In particular, at least half of clients who achieved any positive change in credit score, debt reduction, or savings did so by at least these threshold amounts.

Some threshold outcomes would benefit from refinement. The bank account opening outcome was tracked by a single data point that covers several possible combinations of starting and ending status; adjustments could be made to capture more specific data. Two other threshold outcomes—keep bank account open for six months, maintain regular monthly savings pattern for three months—were seen as important indicators of behavior change; however, they were not included in this analysis because the data was not captured consistently across counselors and clients. Expectations for outcome verification and data entry could be refined upon further exploration with counselors, managers, and clients.

Returning for Follow-Up Sessions

Forty-four percent of FEC clients had only one counseling session. Given the importance of attending multiple sessions for making progress toward and recording outcomes, FECs should consider crediting attendance at the second session as an outcome in itself. Noting the role of outcome data and quantitative targets in program management, a specific emphasis on repeat sessions could encourage managers to broadly adopt some of the practices that seemed to support client retention, both administratively and related to the counselor-client relationship, such as:

- scheduling time for counselors or support staff to follow up with clients;
- scheduling more sessions per day or week;
- scheduling sessions outside normal business hours;
- supporting text messages and other technology for scheduling and reminders;
- experimenting with shorter sessions and telephone sessions to enable clients to provide updates; and
- rewarding clients for reporting outcomes.

Creating a Budget

Budgeting was clearly fundamental to the counseling process. Creating a budget had been defined as an outcome in the early days of the original New York City FEC initiative, but managers found it difficult to verify.

Given the importance of budgeting, future FEC work may want to take any or all of these steps:

- Recognize that the use of budgeting tools is a fundamental counselor competency, and provide appropriate training;
- Ensure that all counselors are familiar with new research findings about the volatility of low-income people's income and expenses, and take volatility into account in their approach to budgeting; and
- Create data entry screens that allow counselors to see clients' budgets in the same place as the rest of their data.

Additional Outcomes

While the program data was invaluable for demonstrating program impact and the data-driven nature of the counseling model, many stakeholders seek additional results beyond the banking, credit, debt, and savings outcomes tracked by ETO. Participant focus groups underscored the impacts of addressing financial instability on the lives of low-income populations: participants regularly cited the benefit of FEC services in supporting reduced stress, increased confidence, and a greater sense of self-efficacy. Moreover, the one-on-one counseling gave participants the tools to cultivate independent negotiating and financial decision-making skills applicable in a wide array of personal and professional situations. Cities replicating this model should explore other ways to measure and understand the broader impact of FEC services, taking into account the psycho-social benefits, the financial decision-making skills, and the range of financial outcomes that FEC clients may achieve.

FURTHER EMPHASIS ON SUPERVITAMIN EFFECTS

TAKEAWAY 6: Cities should pursue opportunities to understand and demonstrate Supervitamin Effects.

As discussed above, cities have made important early efforts to understand and quantify the Supervitamin Effect of integrating financial counseling into traditional anti-poverty services. This "Supervitamin Effect" refers to the improved social service outcomes, more effective public service delivery, and more efficient use of municipal funds 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. City partners cited a number of ways that the FECs augmented existing services and improved their clients' outcomes, including in housing programs such as Lansing's, which aims to move parolees out of transitional housing.

However, complex data-sharing questions and limited additional resources have presented challenges. To fully understand the impact of financial counseling when integrated into other social services, FECs need access to host program data on client achievement. A promising next step would be to evaluate the Supervitamin Effect through a randomized control trial (RCT). The CFE Fund and partner cities are exploring potential RCT experiments to measure and demonstrate the Supervitamin Effect.

FOR FEDERAL, STATE AND LOCAL POLICYMAKERS AND FUNDERS

IMPACT ON SOCIAL SERVICE LANDSCAPE AND CITY GOVERNMENT PARTNERS POINTS TO NEED FOR FEDERAL SUPPORT

TAKEAWAY 7: Federal support of financial counseling models such as FEC will boost high-quality financial inclusion services in cities. Policymakers and funders should look to the critical professional counselor competencies outlined below to ensure quality services.

Mayors around the country pursue "many aggressive efforts to support those in the lowest income brackets" according to the 2015 Menino Survey of Mayors. They believe they have "a lot of control over city services ...[but] little control over economic inequality." The survey's "census of poverty symptoms and causes that have become central priorities for mayors' administrations" found that "40% or fewer [of mayors] say that they have policies related to limited access to financial education and counseling, limited access to tax credits, predatory lending, high commuting costs, and limited access to checking and savings accounts."[62]

This evaluation demonstrates that mayors can see tackling financial instability as both necessary and feasible, and that financial counseling can be offered as a core city service to reduce resident financial instability.

In each city, the FEC provided a new resource that met the needs of people with low incomes. FEC services were more customized and intensive than preexisting financial inclusion services, and the FECs' strong emphasis on partnerships ensured that services were attentive to the needs of specific target populations.

Across all cities, city and nonprofit management cited FEC services as the most purposeful citywide attempt to integrate financial inclusion services into key municipal and nonprofit partners serving those with low incomes. FECs represented comprehensive services that addressed the financial needs of low-income people, delivered by counselors who had a long-term, intensive relationship with clients. FEC counselors' training and professionalism, along with the frequent co-location of referrals, made for stronger referral partnerships. Finally, the measurable outcomes upon which FEC services were based, as well as the visibility of the program, elevated the importance of financial inclusion in all human service areas across each replication city partner and gave stakeholders a new way to evaluate financial inclusion work.

Federal government support of financial counseling models such as FEC will boost financial inclusion services in cities. The Cities for Financial Empowerment Coalition—an invitation-only group of 15 cities that support effective policies that have the potential to expand economic opportunity and inclusion for residents—has called for improved federal support and guidance for financial counseling and coaching as part of its priority policy agenda.

CORE COMPETENCIES AND PROFESSIONAL DEVELOPMENT OF FINANCIAL COUNSELORS

Government and philanthropic funders increasingly include financial counseling or coaching in the anti-poverty strategies they support. A crucial element in structuring this financial counseling is the quality of the counseling to be provided, and by extension the quality of the counselors. This emphasis on counselor quality was a key component of the CFE Fund's initiative to professionalize the financial counseling and coaching field (discussed in more detail on page 46).

THE CITIES FOR FINANCIAL EMPOWERMENT COALITION (CFE Coalition) leverages the resources and regulatory power of municipalities to help individuals and families create sustainable pathways to financial stability. Member cities support effective and informed policies that have the potential to expand economic opportunity and inclusion for our residents and for households throughout the United States.

Financial counseling services have demonstrated great potential to help improve household financial security. Further, integrating financial counseling into social service delivery (including workforce, housing, and other government programs) is associated with significant improvements in multiple financial and program outcomes for clients. Federal agencies have taken positive steps to emphasize financial capability outcomes in social service programs; however, scaling up financial counseling requires increased public funding and support.

Agencies like the Department of Labor (DOL), Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB) have allocated some funding to help connect households to financial counseling. However, financial counseling continues to be funded primarily through private philanthropy. Federal funding has been limited, and rigid program rules have deterred the effective integration of financial counseling. Where funding is made available, federal guidance does not specify the types of activities that are likely to improve financial stability, nor does it require the measurement of specific outcomes that would accurately describe an improvement.

The CFE Coalition supports greater availability of federal funding for financial counseling services. Many CFE Coalition cities are leading innovative initiatives to provide one-on-one financial counseling and integrate counseling into social services. In addition to increased funding, the Coalition finds a compelling need to improve and adopt standards for quality counseling and measurable outcomes. Below are several of the CFE Coalition's policy recommendations:

- Increase funding for financial counseling. Funding for financial counseling should be expanded within existing programs (for example, CDBG, CSBG, WIOA), and federal agencies, especially the Department of Health and Human Services (HHS) and HUD, should identify additional funding opportunities.
- Identify and require clear outcome measures to encourage adoption of financial counseling practices. Adding outcome measures to federal funding streams provides better incentives for programs to emphasize long-term household financial security. These outcomes may include improved credit score, debt reduction, increased savings, and use of safe and affordable bank accounts.
- Specifically identify models of integrated one-on-one financial counseling as a fundable strategy to meet financial literacy goals. Federal agencies are encouraged to partner with municipalities and the CFE Coalition to identify successful models and develop effective funding guidelines.

Significant advances have been made in recent years to research and identify the positive effect of integrating financial counseling into social services. Low-to-moderate income individuals and families face multiple barriers to achieving financial stability, including high levels of debt, poor credit, use of predatory financial services, unemployment, and loss of housing wealth. Financial counseling can help these families and individuals stabilize and build habits that lead to financial security. The CFE Coalition urges the revision of federal funding guidelines to provide these vital services to more low and moderate income households. Improved funding strategies and outcome measures will also upport continued professionalization and evaluation of the financial counseling field.

In support of this work, this evaluation demonstrates a number of key lessons, detailed below.

Organizations can find qualified FEC counselors from a diverse array of professional backgrounds with the necessary interpersonal and technical skills. The counselors interviewed for this report come from varied professional backgrounds. Some brought years of experience in the financial services industry, some had substantial casework experience, while others had little experience with case management or financial counseling. However, in each case, the counselors were able to draw on their education and prior experiences to inform their work as an FEC counselor. This included the interpersonal skills necessary to establish an effective counseling relationship with clients and the technical skills required to support clients' unique financial needs.

Both detailed financial knowledge and the ability to develop trustworthy relationships are essential skills for high-quality FEC counseling. FEC clients are grappling with varied and unpredictable financial issues, and counselors need significant expertise to address them. However, this knowledge alone is insufficient. All of the counselors interviewed emphasized that, without the ability to build trust and rapport with clients, their financial advice will fall on deaf ears. FEC counselors consistently characterize the counseling relationship as a collaborative endeavor. Rather than simply providing clients with information, the counselors must have the interpersonal skills to empower them to take positive actions on their own behalf.

FEC management should provide ongoing training that is responsive to the specific financial issues FEC counselors encounter. FEC counselors encounter a wide range of financial situations during counseling. These issues emerge sporadically and often require advanced knowledge of specific policies, rules, and regulations. Counselors emphasized that they regularly conduct independent research to address client questions, whichclearly supports their professional development. However, counselors also emphasized the benefit of additional training in areas where questions arise more frequently. Whether it is compiling responses to frequently asked questions or bringing in subject matter experts to train staff, management can play an important role in supporting staff development on specific financial issues.

Provide professional development opportunities that address the FEC counselors' role in providing individual supports. FEC counselors emphasized identifying potential referrals and individual supports for clients as important to building rapport and trust as well as to client outcome achievement. However, counselors recognized the risk of clients viewing them as case managers coordinating multiple aspects of clients' needs. FEC counselors are clearly concerned about the potential role conflict they may face within the context of their complex participant relationships, working to provide support while maintaining professional boundaries and engaging in self-care activities.

Create professional development opportunities that combine skill development and ongoing mentoring. Just as counselors reported a desire to practice and apply the financial knowledge learned during initial trainings, they also emphasized how much they valued trainings where the trainer was available in the weeks and months following the training for one-on-one mentorship. They stressed the importance of this feedback mechanism in solidifying content knowledge and building the confidence to use the new knowledge and techniques.

Continue to incorporate peer interaction as a way to support counselor success. The diverse skill sets and professional experiences of FEC counselors represent a valuable resource. Management can support counselors by continuing to create opportunities for counselors to interact, both in structured staff meetings and by encouraging more ongoing, informal communication between counselors. FEC counselors extolled the benefits of frequent communication with peer counselors. They emphasized the value of being able to rely on other counselors for support regarding technical questions, innovative tools, or counseling techniques. In some cases these interactions occur through email or phone calls, whereas other cities have standing staff meetings just for counselors.

Some counselors also viewed staff "shadowing" as an important way to share effective counseling strategies, particularly if a counselor is new or struggling with interpersonal skills. In that situation more experienced counselors can help demonstrate these critical skills.

While the format for peer support is largely contingent on how geographically dispersed counseling staff is, counselors consistently emphasized the benefit of this ongoing interaction with their peers.

The initial FEC training should place additional emphasis on application of financial knowledge. Counselors were critical of the FEC initial training and the lack of emphasis on how to apply the financial knowledge they were acquiring. Given the nature of the position, counselors emphasized the importance of having opportunities to practice counseling techniques and applying their new financial knowledge.

Critical professional counselor competencies can inform policymakers and funders as they increasingly look toward quality in financial counseling and coaching programming.

CONCLUSION

Evaluation findings demonstrate that the Financial Empowement Center model works in a variety of different community and client contexts, leading to sustainable public investments in these services. Core elements of the model supported and complemented each other, and were successfully implemented by city partners. Clients who were overwhelmingly burdened with low incomes were able to achieve a range of significant, demonstrable financial outcomes through their participation in FEC services. Early promising results suggest a need for additional funding to determine Supervitamin Effects.

Policymakers and funders can continue to support the identification and funding of high-quality financial counseling models. The CFE Fund hopes this evaluation can inform future discussions of the characteristics of high-quality, municipally led financial counseling models, and ultimately, that the FEC movement can continue to grow, empowering those with low incomes to take control of their financial futures.

Appendix: Client Data by City

Table 24 • Client Housing and Income Status by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
Sample Size	20,415	2,754	2,338	2,729	8,419	4,175
Housing Status						
Missing	1.5%	1.0%	0.3%	2.4%	1.6%	1.6%
Prefer not to answer	0.4%	0.7%	0.3%	0.2%	0.3%	0.5%
Homeless/shelter	6.5%	4.9%	17.5%	10.9%	2.8%	6.1%
With family/friends	12.9%	14.5%	7.8%	10.7%	13.9%	14.0%
Own	21.8%	19.3%	17.6%	22.2%	24.5%	20.2%
Rent	53.5%	59.3%	56.4%	50.7%	50.4%	56.1%
Public Housing	3.4%	0.3%	0.1%	2.9%	6.4%	1.6%
Moderate housing cost burden	31.9%	30.8%	34.6%	32.7%	32.1%	30.3%
Severe housing cost burden	23.3%	21.5%	32.6%	24.1%	21.1%	24.2%
Employment Status						
Missing	0.4%	0.2%	0.3%	1.1%	0.1%	0.7%
Employed full-time	42.1%	45.0%	24.8%	51.1%	45.5%	37.1%
Self-employed	3.6%	5.3%	1.5%	4.9%	4.2%	1.6%
Employed part-time	14.0%	16.3%	21.3%	11.4%	11.4%	15.4%
Stay-at-home parent	3.9%	5.7%	3.6%	1.9%	2.6%	6.6%
Retired	6.0%	2.5%	5.9%	5.1%	7.1%	6.5%
Student	2.8%	4.4%	2.7%	1.0%	1.7%	5.4%
Disabled	12.7%	5.6%	19.9%	8.4%	15.4%	10.9%
Unemployed	14.6%	15.1%	20.3%	15.0%	12.1%	15.7%
Unemployed and receiving unemployment benefits	26.7%	35.8%	78.8%	25.2%	38.2%	9.9%
Income						
Average monthly income	$1,753.93	$1,728.44	$1,396.71	$1,895.04	$1,834.05	$1,717.01
Median monthly income	$1,535.00	$1,473.50	$1,259.50	$1,710.00	$1,626.00	$1,469.00
% of Area Median Income, adjusted for household size						
< 30% Extremely low income	42.5%	40.4%	53.9%	31.8%	44.7%	39.8%
31% – 50% Very low income	27.3%	25.2%	28.7%	29.9%	26.1%	28.5%
51% – 80% Low income	18.0%	17.5%	11.6%	23.8%	18.2%	17.5%
81% – 100%	4.8%	5.4%	2.8%	5.7%	4.5%	5.4%
> 100%	6.1%	6.9%	2.7%	6.9%	6.1%	6.8%

Table 25 • Client Baseline Status of Outcome Measures by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
% Unbanked	20.3%	19.9%	37.6%	22.1%	13.9%	22.6%
Average credit score (among those with scores)	586	609	572	589	584	582
Median credit score	578	601	564	583	576	575
Percent without a credit file and credit score	13.0%	25.4%	24.4%	20.8%	15.2%	15.1%
Subprime credit score (< 660)	69.2%	54.6%	64.7%	64.4%	73.4%	72.4%
Near prime credit score (660 – 720)	8.3%	11.9%	7.3%	9.5%	7.3%	8.8%
Prime credit score (720+)	4.6%	8.1%	3.6%	5.2%	4.1%	3.7%
Average debt	$28,519.17	$20,999.82	$30,412.99	$27,844.86	$30,451.21	$28,100.21
Median debt	$13,453.50	$8,460.39	$13,732.00	$13,747.50	$14,223.50	$15,540.00
Average savings	$1,268.63	$2,807.57	$246.93	$1,382.18	$1,280.68	$697.39

Table 26 • Client Self-Assessment at Intake by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
How worried are you about your finances?						
Missing	0.4%	0.2%	0.1%	1.2%	0.1%	0.7%
Not at all	8.3%	9.9%	4.6%	5.2%	10.3%	7.5%
A little worried	17.0%	17.4%	10.7%	20.2%	20.3%	11.7%
Somewhat worried	22.4%	25.6%	19.3%	26.6%	19.8%	24.4%
Very worried	29.5%	29.1%	37.0%	28.0%	29.5%	26.7%
Extremely worried	22.4%	17.9%	28.4%	18.8%	20.1%	29.1%
How much control do you have over your finances?						
Missing	0.4%	0.2%	0.1%	1.2%	0.1%	0.9%
No control	20.7%	11.6%	31.5%	22.0%	21.2%	18.8%
A little control	41.3%	40.5%	39.9%	51.9%	41.5%	35.4%
In control	25.2%	32.4%	19.2%	19.2%	25.5%	27.1%
Very in control	7.9%	10.9%	7.0%	3.9%	7.7%	9.4%
Extremely in control	4.5%	4.4%	2.3%	1.7%	4.1%	8.4%
How likely could pay unexpected/ emergency $500?						
Missing	0.4%	0.2%	0.1%	1.2%	0.1%	0.8%
Not at all likely	47.7%	46.6%	69.6%	48.1%	41.7%	47.8%
A little likely	15.0%	13.4%	14.2%	16.2%	15.1%	15.4%
Somewhat likely	14.4%	13.7%	8.9%	15.1%	16.4%	13.4%
Very likely	11.8%	11.2%	4.5%	9.2%	15.6%	10.2%
Extremely likely	10.8%	15.0%	2.7%	10.2%	11.2%	12.5%

Table 27 • Number of Outcomes by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
Open or transition to a safe and affordable bank account	944	140	179	175	333	117
Establish a credit score	269	23	29	40	139	38
Increase credit score by at least 35 points	1,324	73	124	141	704	282
Decrease debt by at least 10%	2,261	217	476	232	847	489
Increase savings by at least 2% of income	869	142	160	120	267	180
Achieve savings of $500	567	65	95	79	202	126
Achieve savings of one month's expenses	365	49	63	46	130	77
Move up a FICO credit score category	901	62	88	84	476	191
Increase in credit score	2,196	151	224	231	1,088	502
Decrease in amount of debt	3,125	338	720	309	1,096	662
Increase in amount of savings	1,672	283	296	220	548	325

Table 28 • Percent of Multi-Session Clients Achieving Outcomes by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
Return for follow-up session in any outcome area	56.4%	50.2%	68.7%	62.6%	52.2%	57.9%
Open or transition to a safe and affordable bank account	23.4%	21.3%	24.2%	23.2%	27.8%	17.4%
Establish a credit score	23.1%	12.2%	15.0%	31.5%	28.5%	22.5%
Increase credit score by at least 35 points	21.3%	11.4%	22.9%	23.0%	22.3%	22.4%
Decrease debt by at least 10%	26.4%	19.9%	42.8%	20.6%	23.9%	29.1%
Increase savings by at least 2% of income	14.6%	15.1%	23.0%	17.2%	10.8%	15.9%
Achieve savings of $500	11.8%	9.6%	15.5%	14.6%	9.8%	13.8%
Achieve savings of one month's expenses	7.2%	6.9%	10.4%	7.9%	5.9%	7.9%
Move up a FICO credit score category	14.5%	9.7%	16.2%	13.7%	15.1%	15.2%
Increase in credit score	35.3%	23.6%	41.3%	37.6%	34.4%	39.9%
Decrease in amount of debt	36.6%	31.0%	64.8%	27.4%	30.9%	39.4%
Increase in amount of savings	28.1%	30.1%	42.5%	31.6%	22.1%	28.8%

The above percentages in Table 28 are based on the number of clients who worked on the specific outcome, attended more than one session, and had accurate data. For example, the number of clients who achieved savings of $500 in a given city is divided by the number of clients who worked on savings and returned for more than one session and had valid savings data and began with less than $500 in savings.

Table 29 • Client Demographics by City

	5 City Average	Denver	Lansing	Nashville	Philadelphia	San Antonio
Sample Size	20,415	2,754	2,338	2,729	8,419	4,175
Age						
Missing	3.0%	10.9%	0.5%	2.7%	2.3%	0.9%
18 – 25	7.5%	10.5%	7.3%	6.2%	5.8%	10.2%
26 – 35	27.7%	27.9%	26.7%	28.0%	27.1%	29.3%
36 – 45	22.6%	21.5%	24.1%	24.2%	21.4%	23.7%
46 – 55	20.0%	16.7%	21.3%	19.9%	21.7%	18.0%
56 – 65	13.5%	9.8%	15.0%	13.6%	15.3%	11.3%
65+	5.7%	2.8%	5.2%	5.5%	6.4%	6.6%
Monthly Income						
Missing	0.3%	0.0%	0.0%	0.8%	0.0%	1.0%
$0 – $300	10.1%	16.4%	13.3%	11.8%	6.6%	10.1%
$300 – $900	14.6%	15.9%	17.8%	11.3%	13.7%	16.1%
$900 – $1500	24.5%	19.1%	30.9%	19.6%	25.8%	25.0%
$1500 – $2300	25.2%	21.3%	23.4%	25.7%	27.5%	23.9%
$2300 – $3250	15.1%	15.9%	10.6%	16.9%	16.3%	13.5%
$3250 – $6400	9.1%	10.0%	3.6%	12.9%	9.1%	9.3%
$6400+	1.0%	1.4%	0.3%	1.1%	0.9%	1.2%
Gender						
Missing	0.1%	0.0%	0.2%	0.0%	0.0%	0.4%
Female	70.5%	72.0%	65.3%	67.7%	71.5%	72.5%
Male	29.4%	28.0%	34.6%	32.3%	28.5%	27.1%
Education						
Missing	4.8%	15.7%	2.1%	0.0%	4.6%	2.8%
Prefer not to answer	0.8%	1.9%	1.1%	0.3%	0.6%	0.8%
Less than high school	10.8%	6.5%	10.2%	17.9%	7.6%	15.9%
High school/GED	37.2%	26.5%	44.5%	35.7%	37.2%	41.1%
Two-year college	17.9%	20.4%	19.6%	11.4%	18.6%	18.3%
Voc/tech/business school	7.0%	6.4%	6.8%	7.4%	6.5%	8.3%
Four-year college	14.6%	15.5%	10.6%	19.3%	16.8%	8.9%
Graduate degree	6.8%	7.3%	5.1%	8.0%	8.1%	4.1%
Ethnicity						
Missing	3.4%	1.7%	1.6%	0.0%	6.3%	1.8%
Prefer not to answer	1.7%	2.9%	1.3%	0.3%	2.2%	0.8%
African American/Black	46.8%	28.1%	44.9%	54.0%	63.6%	21.4%
Asian	0.9%	1.3%	0.5%	0.3%	1.1%	0.6%
Caucasian/White	17.5%	26.9%	42.6%	22.3%	8.9%	11.4%
Hawaiian/Pacific Islander	0.2%	0.4%	0.1%	0.2%	0.1%	0.4%
Latino/Latina	26.2%	32.6%	6.7%	21.2%	14.5%	59.9%
Other	3.4%	6.1%	2.4%	1.7%	3.2%	3.7%
Primary Language						
Missing	2.0%	1.6%	0.8%	1.5%	2.7%	1.9%
Prefer not to aanswer	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
English	90.6%	88.2%	98.3%	85.6%	90.8%	90.7%
Spanish	6.7%	8.2%	0.3%	12.4%	5.9%	7.0%
Other	0.7%	1.9%	0.6%	0.5%	0.6%	0.3%

Appendix: Profiles of FEC Clients in Each City

DENVER

The Denver FEC collected both demographic and financial baseline information for 2,754 people. Of Denver FEC clients, 28.1% were African American/Black, 32.6% Latino/Latina, and 26.9% Caucasian/White; 72% were women.

Of the close to 90% of clients whose age was known, 55.4% were between ages 26 and 45. Of those whose educational achievement was known (84.3%), 7.8% had not finished high school, while 60% had completed some level of post-secondary education. This unusually high education level may reflect the Denver FEC's unique emphasis on serving city employees.

Employment Status of Denver Clients

Employed full-time	45.0%
Employed part-time	16.3%
Self-employed	5.3%
Retired	2.5%
Student	4.4%
Stay-at-home parent	5.7%
Temporarily/permanently disabled	5.6%
Unemployed	15.1%

The Denver FEC also did special outreach to: small business owners; low-wage workers, job seekers, and people relying on federal benefit income and those seeking cash/food assistance; victims and survivors of domestic violence; people who were homeless, facing homelessness, or living in transitional housing; immigrants/refugees and people with limited English proficiency. Spanish was the main language of 8.2% of clients.

Despite potentially having more years of education, the Denver FEC's clientele was nonetheless similar to other cities' in terms of income and employment status. Over 65% had very low incomes (relative to the area median income adjusted for household size), and only 45% were employed full-time. Of clients who reported being unemployed, only 35.8% said they received unemployment benefits. Housing costs consumed more than 30% of the monthly incomes of more than half the clients.

Income, Housing and Banking Status of Denver Clients

	FEC Clients	Denver Population
% of Area Median Income by Household Size		
< 30% Extremely low income	40.4%	19.0%
31% – 50% Very low income	25.2%	13.0%
51% – 80% Low income	17.5%	17.0%
81% – 100%	5.4%	9.0%
> 100%	6.9%	41.0%
Moderate housing cost burden	30.8%	18.1%
Severe housing cost burden	21.4%	15.8%
Unbanked	19.9%	7.5%
Subprime credit score (< 660)	54.6%	30.0%
Near prime credit score (660 – 720)	11.9%	17.1%
Prime credit score (720+)	8.1%	53.0%

Denver Client Outcome Achievement

	Number of Outcomes Achieved	% of Multi-Session Clients Working Toward Each Outcome Who Achieved It
Return for follow-up session in any outcome area	1,382	
Open or transition to a safe and affordable bank account	140	21.3%
Establish a credit score	23	12.2%
Increase credit score by at least 35 points	73	11.4%
Decrease debt by at least 10%	217	19.9%
Increase savings by at least 2% of income	142	15.1%
Achieve savings of $500	65	9.6%
Achieve savings of one month's expenses	49	6.9%
Move up a FICO credit score category	62	9.7%
Increase in credit score	151	23.6%
Decrease in amount of debt	338	31.0%
Increase in amount of savings	283	30.1%

LANSING

The Lansing FEC collected both demographic and financial baseline information for 2,338 people. Of Lansing FEC clients, 44.9% were African American/Black, 6.7% Latino/Latina, and 42.6% Caucasian/White; 65.3% were women; and just over half were between ages 26 and 45. Slightly more than 10% had not finished high school, while just over 42% had completed some level of post-secondary education.

Employment Status of Lansing Clients

Employed full-time	24.8%
Employed part-time	21.3%
Self-employed	1.5%
Retired	5.9%
Student	2.7%
Stay-at-home parent	3.6%
Temporarily/permanently disabled	19.9%
Unemployed	20.3%

The Lansing FEC did special outreach to: low-wage workers, job seekers and people relying on federal benefit income; people seeking cash/food assistance or utility assistance; parents involved with early childhood education and child care; people who were homeless, facing homelessness, or living in transitional housing; veterans, people who had been incarcerated or were on parole, and people with substance abuse and/or mental illness.

The Lansing FEC's emphasis on serving people in crisis, combined with the area's struggling economy, led to a clientele with lower income and employment rates than at the other FECs. Over 82% had very low incomes (relative to the area median income adjusted for household size), and less than 25% were employed full time. Of clients who reported being unemployed, nearly 79% said they received unemployment benefits. Housing costs consumed more than 30% of the monthly incomes of more than two-thirds of the clients.

Income, Housing and Banking Status of Lansing Clients

	FEC Clients	Lansing Population
% of Area Median Income by Household Size		
< 30% Extremely low income	53.9%	20.0%
31% – 50% Very low income	28.7%	14.0%
51% – 80% Low income	11.6%	20.0%
81% – 100%	2.8%	12.0%
> 100%	2.7%	34.0%
Unbanked	37.6%	n/a
Subprime credit score (< 660)	64.7%	28.8%
Near prime credit score (660 – 720)	7.3%	16.4%
Prime credit score (720+)	3.6%	54.7%

Lansing Client Outcome Achievement

	Number of Outcomes Achieved	% of Multi-Session Clients Working Towards Each Outcome who Achieved It
Return for follow-up session in any outcome area	1,607	
Open or transition to a safe and affordable bank account	179	24.2%
Establish a credit score	29	15.0%
Increase credit score by at least 35 points	124	22.9%
Decrease debt by at least 10%	476	42.8%
Increase savings by at least 2% of income	160	23.0%
Achieve savings of $500	95	15.5%
Achieve savings of one month's expenses	63	10.4%
Move up a FICO credit score category	88	16.2%
Increase in credit score	224	41.3%
Decrease in amount of debt	720	64.8%
Increase in amount of savings	296	42.5%

NASHVILLE

The Nashville FEC collected both demographic and financial baseline information for 2,729 people. Of Nashville FEC clients, 54% were African American/Black, 21.2% Latino/Latina, and 22.3% Caucasian/White; exactly two-thirds were women, and 52.2% were between ages 26 and 45. Nearly 18% had not finished high school, while 46.1% had completed some level of post-secondary education.

Employment Status of Nashville Clients

Employed full-time	51.1%
Employed part-time	11.4%
Self-employed	4.9%
Retired	5.1%
Student	1.0%
Stay-at-home parent	1.9%
Temporarily/permanently disabled	8.4%
Unemployed	15.0%

The Nashville FEC did special outreach to: public sector employees; low-wage workers, job seekers, and people relying on federal benefit income; people seeking assistance with cash, food, or utility payments; small business owners, immigrants/refugees, and people with limited English proficiency; people who were homeless, facing homelessness, or living in transitional housing; veterans, people who had been incarcerated or were on parole, and people with substance abuse and/or mental illness.

Although 61.8% of Nashville FEC clients had very low incomes (relative to the area median income adjusted for household size), more than half were employed full-time and a smaller proportion were living in extreme poverty than at the other FECs. Of clients who reported being unemployed, 25.2% said they received unemployment benefits. Housing costs consumed more than 30% of the monthly incomes of 56.8% of the clients.

Income, Housing and Banking Status of Nashville Clients

	FEC Clients	Nashville Population
% of Area Median Income by Household Size		
< 30% Extremely low income	31.8%	15.0%
31% – 50% Very low income	29.9%	12.0%
51% – 80% Low income	23.8%	18.0%
81% – 100%	5.7%	11.0%
> 100%	6.9%	44.0%
Moderate housing cost burden	32.7%	16.9%
Severe housing cost burden	24.1%	13.2%
Unbanked	22.1%	9.4%
Subprime credit score (< 660)	64.4%	40.2%
Near prime credit score (660 – 720)	9.5%	16.9%
Prime credit score (720+)	5.2%	42.9%

Nashville Client Outcome Achievement

	Number of Outcomes Achieved	% of Multi-Session Clients Working Toward Each Outcome Who Achieved It
Return for follow-up session in any outcome area	1,708	
Open or transition to a safe and affordable bank account	175	23.2%
Establish a credit score	40	31.5%
Increase credit score by at least 35 points	141	23.0%
Decrease debt by at least 10%	232	20.6%
Increase savings by at least 2% of income	120	17.2%
Achieve savings of $500	79	14.6%
Achieve savings of one month's expenses	46	7.9%
Move up a FICO credit score category	84	13.7%
Increase in credit score	231	37.6%
Decrease in amount of debt	309	27.4%
Increase in amount of savings	220	31.6%

PHILADELPHIA

The Philadelphia FEC was a significantly larger program than the other FECs—it collected both demographic and financial baseline information for 8,419 people. Of Philadelphia FEC clients, 71.5% were women and 48.5% were between ages 26 and 45. Only 7.6% had not finished high school, while exactly half had completed some level of post-secondary education.

An unusually high percentage of clients, 6.3%, were missing information on race and ethnicity. Of those for whom data existed, 67.9% were African American/Black, 15.5% were Latino/Latina, and 9.5% were Caucasian/White.

Employment Status of Philadelphia Clients

Employed full-time	45.5%
Employed part-time	11.4%
Self-employed	4.2%
Retired	7.1%
Student	1.7%
Stay-at-home parent	2.6%
Temporarily/permanently disabled	15.4%
Unemployed	12.1%

The Philadelphia FEC did special outreach to: low-wage workers, job seekers, and people relying on federal benefit income; people seeking assistance with cash and/or food; small business owners; public housing residents (especially those in rent arrears and those seeking to become homeowners); people who were homeless or facing homelessness; victims and survivors of domestic violence.

Almost 71% of clients had very low incomes (relative to the area median income adjusted for household size), and 45.5% were employed full-time. Of clients who reported being unemployed, 38.2% said they received unemployment benefits. Housing costs consumed more than 30% of the monthly incomes of 53.3% of the clients.

Income, Housing and Banking Status of Philadelphia Clients

	FEC Clients	Philadelphia Population
% of Area Median Income by Household Size		
< 30% Extremely low income	44.7%	28.0%
31% – 50% Very low income	26.1%	16.0%
51% – 80% Low income	18.2%	19.0%
81% – 100%	4.5%	10.0%
> 100%	6.1%	28.0%
Moderate housing cost burden	32.1%	18.7%
Severe housing cost burden	21.1%	18.6%
Unbanked	13.9%	7.0%
Subprime credit score (< 660)	73.4%	47.4%
Near prime credit score (660 – 720)	7.3%	16.5%
Prime credit score (720+)	4.1%	36.0%

Philadelphia Client Outcome Achievement

	Number of Outcomes Achieved	% of Multi-Session Clients Working Toward Each Outcome Who Achieved It
Return for follow-up session in any outcome area	4,395	
Open or transition to a safe and affordable bank account	333	27.8%
Establish a credit score	139	28.5%
Increase credit score by at least 35 points	704	22.3%
Decrease debt by at least 10%	847	23.9%
Increase savings by at least 2% of income	267	10.8%
Achieve savings of $500	202	9.8%
Achieve savings of one month's expenses	130	5.9%
Move up a FICO credit score category	476	15.1%
Increase in credit score	1,088	34.4%
Decrease in amount of debt	1,096	30.9%
Increase in amount of savings	548	22.1%

SAN ANTONIO

The San Antonio FEC collected both demographic and financial baseline information for 4,175 people. Reflecting the local population, San Antonio served more Latinos/Latinas than the other FECs: they made up nearly 70% of clients, while 21.4% were African American/Black, and 11.4% were Caucasian/White. Women were 72.5% of FEC clients, and 53.1% of clients were between ages 26 and 45. Nearly 16% had not finished high school while only 39.5% had completed some level of post-secondary education.

The San Antonio FEC did special outreach to: low-wage workers, job seekers and people relying on federal benefit income; people seeking assistance with cash, food, or utilities; homeowners facing foreclosure; residents of public and transitional housing; and parents involved with early childhood education and child care.

Employment Status of San Antonio Clients

Employed full-time	37.1%
Employed part-time	15.4%
Self-employed	1.6%
Retired	6.5%
Student	5.4%
Stay-at-home parent	6.6%
Temporarily/permanently disabled	10.9%
Unemployed	15.7%

A total of 68.3% of clients had very low incomes (relative to the area median income adjusted for household size), and 37.1% were employed full-time. Of clients who reported being unemployed, just under 10% said they received unemployment benefits. Housing costs consumed more than 30% of the monthly incomes of 54.5% of the clients.

Income, Housing and Banking Status of San Antonio Clients

	FEC Clients	San Antonio Population
% of Area Median Income by Household Size		
< 30% Extremely low income	39.8%	15.0%
31% – 50% Very low income	28.5%	13.0%
51% – 80% Low income	17.5%	18.0%
81% – 100%	5.4%	10.0%
> 100%	6.8%	44.0%
Moderate housing cost burden	30.3%	22.6%
Severe housing cost burden	24.2%	23.2%
Unbanked	22.6%	8.1%
Subprime credit score (< 660)	72.4%	45.5%
Near prime credit score (660 – 720)	8.8%	17.5%
Prime credit score (720+)	3.7%	37.0%

San Antonio Client Outcome Achievement

	Number of Outcomes Achieved	% of Multi-Session Clients Working Toward Each Outcome Who Achieved It
Return for follow-up session in any outcome area	2,418	
Open or transition to a safe and affordable bank account	117	17.4%
Establish a credit score	38	22.5%
Increase credit score by at least 35 points	282	22.4%
Decrease debt by at least 10%	489	29.1%
Increase savings by at least 2% of income	180	15.9%
Achieve savings of $500	126	13.8%
Achieve savings of one month's expenses	77	7.9%
Move up a FICO credit score category	191	15.2%
Increase in credit score	502	39.9%
Decrease in amount of debt	662	39.4%
Increase in amount of savings	325	28.8%

Appendix: Methodology

The study was designed as a utilization-focused, mixed-methods evaluation. The evaluation plan was created with close attention to identifying the stakeholders, their values, and how they intended to use the results. In relation to the Framework for Research and Evaluation put forward by the Administration for Children & Families,[63] this evaluation was designed to be a descriptive study with both foundational and exploratory elements.

The research questions included:

- What are the characteristics of FEC clients?
- Beyond the eight financial outcomes tracked for performance management, what other results do clients achieve?
- How do clients describe the value of key results?
- What quantifiable factors correlate with outcome achievement?
- To what extent were the FECs integrated into partner programs? What are most meaningful ways to describe different levels and types of integration?
- Do financial counseling or financial outcomes affect social service outcomes of importance to partners? Does integrating financial counseling into other social service delivery streams help those agencies/organizations achieve better outcomes faster?
- Did the New York City model work in other cities? What changes were necessary to make it work, and what factors necessitated those changes?
- Does on-the-ground experience point to vulnerable parts of the model that can be strengthened by refining the model itself?
- What are the core competencies of counselors who are most effective at helping clients achieve results?
- What are recommended ways to develop these core competencies?
- How can cities conduct meaningful cost-effectiveness analyses?

QUALITATIVE

PROGRAM DESIGN, IMPLEMENTATION, AND IMPACT

The CFE Fund contracted with MEF Associates to support an evaluation of the Financial Empowerment Center (FEC) initiative in five cities (Denver, CO; Lansing, MI; Nashville, TN; Philadelphia, PA; and San Antonio, TX) from 2013 to 2015. MEF Associates' work focused on a detailed qualitative analysis of the FEC model design and implementation in each city.

The research team conducted three-day site visits to each of the five FEC cities. MEF staff conducted semi-structured interviews and focus groups in each city to answer key research questions related to program design and implications of program participation. The interview questions align directly with the CFE Fund's broader research goals related to understanding the role of the FEC initiative in the broader field of financial inclusion services as well as the specific research questions outlined above. MEF provided protocols for these interviews and a crosswalk between the interview questions as they correspond to the key research questions.

During the site visits MEF Associates staff spoke with the following four sets of respondents:

- *FEC Managers.* Managers include city staff responsible for overseeing the implementation of the FEC and management at the lead nonprofit agencies responsible for delivering FEC services.[64] Management staff at the nonprofits typically included the individual responsible for the day-to-day oversight of the FEC operations as well as senior leadership within the organization who described how the FEC fit into the organization's broader portfolio of services.
- *FEC Partner Organization Staff.* Staff include employees of public agencies and nonprofit organizations that make referrals to the FEC and organizations in which FEC counselors are co-located. Interviews typically included line staff responsible for making referrals to the FEC as well as managers who were able to speak about the degree to which the FEC services aligned with the organization's core goals.
- *FEC Counselors.* MEF staff spoke with the majority of the FEC counselors in the five replication cities.
- *FEC Clients.* MEF staff conducted at least one focus group in each city and eight focus groups in total with current and former FEC clients.[65] In each city, local FEC staff were responsible for recruiting clients. FEC staff attempted to recruit a diverse array of clients (e.g., referral source, income, length of engagement with the FEC). However, the sample was not random nor representative of the broader FEC clientele. Of particular note, the majority of participants had attended more than one and often more than two counseling sessions, while ETO data suggest that the majority of participants attend one session. The number of clients attending focus groups in each city ranged from 8 to 20. MEF gave all focus group participants with a $25 cash card, and some cities provided additional gift cards. Four cities also provided a meal to participants, and MEF Associates supplied a meal in the fifth city. All participants signed an informed consent affirming their willingness to participate and acknowledging the potential risks associated with it.

Interviews with FEC managers, counselors, and partner organization staff typically took no longer than 60 minutes, though some conversations with FEC counselors and FEC managers occasionally lasted up to 90 minutes. In total, MEF conducted 30 staff interviews across the five cities.

MEF staff took detailed notes during each interview and focus group, but did not record the sessions. The syntheses of these notes are the basis for this report as well as the city-level reports, which are included in an addendum to this report.

All respondents were informed at the start of the interviews and focus groups that nothing they said would be directly attributed to them. In this report, respondents are identified by the type of respondent (e.g., FEC manager, FEC participant).

COUNSELOR COMPETENCIES AND PROFESSIONAL DEVELOPMENT

In July 2015, the CFE Fund conducted a group interview process[66] to address the research questions:

- What are the core competencies of FEC counselors?
- How did FEC counselors develop their competencies?

Each counselor provided four-minute long answers to the following questions:

- Thinking about the results you are best at helping clients achieve... What financial expertise do you most rely on to get that done?

- Thinking about the results you are best at helping clients achieve... What interpersonal or business "soft-skills" do you most rely on to get that done?
- How did you learn the financial expertise, interpersonal, or business skills that you use to help clients get results?
- If you could acquire a new piece of financial expertise, interpersonal skill, or business skill that would enable you to help more clients, what would that knowledge or skill be?
- The following definitions were provided to encourage consistency:
  - Results could mean not only debt, savings, banking, credit, but also other things your clients achieve that you believe are important for their financial well-being.
  - Financial expertise is your special knowledge about financial systems, products, guidelines, etc., that is beyond what a random civilian might know.
  - Interpersonal skills might include listening, empathy, patience, negotiation, etc. Please prompt for examples so that you are totally clear about what each counselor means—people might use the same words to represent different things.

Each counselor interviewed four other counselors about one of the four questions and hand-wrote the answers they heard. It is important to recognize that the handwritten notes are not merely transcripts of the respondent counselor's ideas, but also reflect the interviewing counselor's interpretations and own ideas. As the goal was to capture the ideas of all counselors on all questions, this "emic" nature of the data is not seen as a flaw. Using an inductive approach, the CFE Fund collected, read, coded, and analyzed all of the handwritten notes. As the coders had little or no direct counseling experience, at this point interpretation switched to an "etic" approach. Initial coding focused on identifying themes, sub-themes, and frequencies.

A total of 65 counselors participated, from Denver, Lansing, Nashville, New York City, Philadelphia, San Antonio, and Seattle. A few were unable to participate for the entire session, so the actual number of interviews conducted was slightly less than four times 65, and the number of interviews for each question varies slightly from 65.

"Your group activity was so very helpful. I joined FEC in late January this year and it has been so very rewarding. Talking with everyone at our table during your activity was the confirmation and the best testimony to the work I do with individuals and families each day. Everyone I met at the event shared the same feelings."

–FEC Counselor

To more deeply explore counselor competencies and professional development, MEF Associates staff interviewed nine FEC counselors during December 2015 and January 2016. This included conversations with two counselors each from Lansing, Philadelphia, and San Antonio, and one counselor each from Denver and Nashville.

These counselors were selected by the CFE Fund staff in conjunction with city and non-profit FEC managers in each city. The CFE Fund identified these counselors primarily based on counselor performance on key performance measures—choosing those in the top 25% of all counselors with regard to number of critical threshold outcomes achieved and ratios of outcomes per client, outcomes per session, and outcomes per days of tenure. The quantitative measures used by the CFE Fund did not control for differing contexts in which the services were being delivered, such as potential variation among counselors in their clients' economic circumstances. There were several circumstances where the managers in the cities suggested alternative staff based on more subjective assessments of performance. Additionally, two of the counselors who were initially identified were not interviewed because they had moved to a new position or did not have sufficient time to speak with MEF staff, in which case alternate counselors were identified.

Each interview lasted roughly one hour and was conducted by telephone. MEF staff used interview protocols developed for the Work Plan that mapped to the CFE Fund's main research questions regarding professional development.

QUANTITATIVE

DATA SOURCE AND DATASET

Efforts to Outcomes (ETO) is a web-based data management, case management, and outcomes management software built and maintained by Social Solutions and customized for the CFE Fund based on the experience of the New York City FEC. For most of the grant period, a full-time CFE Fund staff member was primarily responsible for maintaining and further customizing ETO, building and generating reports, and training FEC staff to use the system.

For this evaluation, the CFE Fund extracted the ETO data as .csv files and cleaned and analyzed it using Excel and STATA. The data is comprised of four separate sets of data: Financial Health Assessment (FHA), demographics, Service Plan, and Creditor Record. For the primary analysis, the FHA, demographics, and Service Plan data were matched and merged into a final dataset covering 20,415 clients.

Basic demographic data such as age, gender, education, ethnicity, language, and household and family structure are collected at an initial intake session. Financial Health Assessment data includes the clients' monthly income and expenses, savings, employment status, banking status, health insurance status, previous financial experiences, FEC service needs, and referral source. Nearly 85% of FHAs were collected at intake and 95% were collected within five days of the intake session. Service Plan data accounts for counseling activities and outcome changes, and is recorded each time a client attends a session.

STATISTICAL METHODS

The CFE Fund used a simple logit model to analyze the probability of a relationship between baseline demographic factors, financial indicators, a simple measure of counseling activity, and the likelihood of FEC clients making improvements in banking, savings, credit, and debt. To be clear, this analysis does not attempt to establish causal relationships between baseline financial indicators and counseling activities and outcomes. The data as currently constructed does not lend itself to accounting for all of the sources of bias, which is necessary to produce such analyses. As an example, measured debt reduction outcomes are only captured when clients attend a counseling session. This introduces an arbitrary time bias into the underlying likelihood of capturing an outcome that could mask that actual relationship between counseling and outcome achievement.

Given the constraints of the data, a logit model was chosen for two primary reasons: (a) the method aligns with the goals of identifying factors that are likely to have an influence on the outcomes of interest and (b) the results are relatively easy to interpret. Coefficients from logistic regressions can be converted to Odds-Ratios, which represent the odds that an independent variable is systematically related to the dependent variable. In other words, the Odds-Ratio expresses the likelihood that a FEC client with a given characteristic achieved a given outcome, compared to a person without that characteristic. A 1:1 ratio would mean that both clients were no more or less likely to achieve the outcomes, while a ratio less than 1 would mean clients with the characteristic were less likely to achieve the outcome than clients without it.

For the purpose of this analysis, we created binary (yes/no) dependent variables for each category of analysis:

- Did the client establish a new bank account?
- Did the client establish a new credit score?
- Did the client make a positive improvement to her credit score?
- Did the client reduce her level of debt?
- Did the client increase her level of savings?

The regression output focuses on key potential factors of influence that were available to test. In addition, all regressions include a fixed set of covariates that do not change—age, gender, ethnicity, education, and city—for the purpose of eliminating their statistical influence on the factors of interest. As such, they are not included in the full regression results that can be found in the Appendices that follow this report.

DATA QUALITY

Original Data

The analysis was based on four separate sets of data: Demographics, Financial Health Assessment (FHA), Service Plan, and Creditor Record. The analysis considered all data applying to counseling sessions conducted from program inception in March 2013 through September 30, 2015.

- 22,174 clients had Demographics
- 21,581 clients had a total of 56,965 Service Plans Sessions
- 20,527 clients had FHAs
- 7,720 clients had Creditor Records

Only the initial FHA and Creditor Record for each client was used in the analysis. There were 1,265 follow-up Creditor Records and 2,363 follow-up FHAs. Although the CFE Fund's Operations Manual instructs counselors to complete a new FHA every three to five months, the data shows that follow-up FHAs exist for only one-third of sessions that occurred at least three months after the first session. Follow-up FHAs could offer insight into changes in employment, income, household size, and other factors affecting financial stability. Follow-up Creditor Records could offer insight into the types and amounts of specific debts reduced (or incurred) during counseling rather than changes in overall debt level. Unfortunately, the number of follow-up FHAs and Creditor Records was too small, and the process for creating them too inconsistent, to conduct further analysis on them.

There were only a small number of duplicate records, and they were excluded from the analysis. There were 249 duplicate demographic records, 54 duplicate FHAs, and 694 duplicate Service Plans for 203 clients.

A small subset of records from San Antonio was excluded. These records pertained to 397 people under age 18 whom the FEC helped open bank accounts as part of their participation in a Summer Youth Employment Program. These short-term clients had 44 FHAs and 797 Service Plan Sessions. An additional 15 Service Plans across all five cities were excluded because they were essentially blank.

After these exclusions, 20,415 clients had a full complement of Demographics, FHA and Service Plan data (42 clients had FHAs without Demographics and 70 clients with FHA and Demographics did not have Service Plans).

Missing Data

On the FHAs, a number of the fields for various types of income, expense, and savings were left blank; it is likely that a given field was not relevant to the client and the counselor simply tabbed over or skipped the field rather than entering zero. For example, 12,217 clients had blanks in the Monthly Childcare Expense field. There were very few blanks in the most critical fields: total income, total expenses and total savings. (These three fields had between 73 and 104 blanks, and about 65% of the blanks were in San Antonio, suggesting an isolated data entry issue.)

Most of the Demographic data fields were blank only 0.1% to 0.3% of the time. A few fields had more missing data, probably reflecting clients' personal sensitivities. For example, age was missing 3.0% of the time, race/ethnicity 3.4%, and education 4.8%. Although all five cities had more missing data in these fields than in others, there were unusually high numbers of blanks in Denver (age and education) and Philadelphia (race/ethnicity).

Missing data affected the Service Plans more than the other data sets. The Counseling Time field, which could be useful for attributing specific costs to outcomes and calculating a FEC's cost-effectiveness, was blank or zero for approximately 5% of savings sessions, 8% of credit sessions, 12% of debt sessions, and 29% of banking sessions. Moreover, the pattern of other values entered for Counseling Time suggests that the data is unreliable.

There are 38 milestone data fields designed to capture the activities by counselors and clients in sessions across the four primary Service Plans and that could be used to understand the factors that influence outcome achievement. However, 31 of those fields have missing values between 74% and 92% of sessions and the remaining have at least one-third or more missing. There are a number of possible reasons why counselors chose to leave a field blank, including: it was not applicable at the time of the session, there was no specific update from a previous session, and inattention. The high rate of missing values and the inability to distinguish between a variety of possible interpretations make these fields difficult to analyze systematically.

The local evaluator for Philadelphia noted that referrals may be under-reported because the partner organizations do not book or directly interact with the FEC to make appointments, instead giving clients themselves the FEC phone number and instructing them to indicate they were referred by a partner organization. The evaluator noted that "it is very likely that these sites are not being 'credited' with direct referrals because this information is not being communicated at the time when the first appointment is being booked."[67]

Most critically, it is highly likely (if not guaranteed) that the data system is missing outcomes. The primary cause of missing outcomes is that almost half the people served did not return to report whether they had achieved any results. Even when clients returned, counselors might not have entered the data that would have generated outcomes. For example, if a number was entered in a baseline data field at session 1 and no update was available at session 2, ETO automatically carried the original number into the second session's data fields without change. Consequently, no change in credit, debt, or savings should be interpreted as "no known change." As Denver's local evaluator observed, "Financial data is supposed to be updated when coaches have some actual evidence in order to do an accurate update. Unfortunately, the lack of accurate information may lead to no update at all, even if the client reports having made progress toward goals." And as a nonprofit FEC manager reported, "All of my counselors are achieving outcomes with their clients but some of them do struggle to document them (for various reasons—understanding ETO, getting the documentation from their clients, time-management issues)."

Data Cleaning and Transformation

Outliers

Financial baseline variables from clients' financial health assessment were examined for the presence of outliers. Outliers were defined as any data point that was more than two standard deviations from the mean of each city's clients. In addition, clients' initial level of debt and savings were similarly examined for the presence of obvious outliers. In general, outliers were not found to be a significant source of bias in the sample for relevant variables used in the analysis. Specifically, less than 1.5% of self-reported monthly income and expenses were found to have major outliers. Similarly, less than 1% of the clients' initial savings and debt data were found to be major outliers.

Corrections
Twenty-three credit score entries had values of between 9000 – 9999, which are Experian codes indicating no score. These entries were revised to equal zero. Eight credit score entries had values outside the valid range of 300 through 850 and were marked as missing. Three debt entries were identified as obvious typing errors and correct using matched Creditor Record data. One savings entry was identified as an obvious typing error using FHA data and corrected.

Annual household income was corrected when the client's annual income was less than the annual household income. In those cases, the client's annual income was used. This was corrected for 5,664 client records. Total monthly income data from the financial health assessment was verified by summing the individual income entries. There were 10 records where the inputted total did not equal the summed total and were corrected. A similar process was used to verify monthly expenses data, and nine records were corrected where the inputted and summed results were not equal. Finally, six records were corrected where the inputted total savings did not equal the sum of the individual savings fields.

In the Creditor Record data set, the debt type for 2,246 (of 7,788) debts was indicated as "other" or blank. To conduct the analysis, these debts were reviewed individually and converted, where possible, to one of the 18 standard types. A high proportion of these debts were to telecommunications companies (e.g., AT&T, Verizon, T-Mobile, cable bill, cell phone, etc.). These were categorized as "utilities" because the ETO framework did not provide an option for telecommunications. Where a type could not be discerned, these were categorized as "other" (so that the final data set did not have blank types).

Excluded Data
Client-reported total debt field in FHA dataset does not align with sum of reported debts in the Creditor Record 2.0 touchpoint data.

Of the 7,923 multi-session clients addressing credit issues, 497 were excluded from the analysis due to not having valid credit score data, and an additional 56 were excluded because they began with a positive credit score value but ended with a zero score for unclear reasons.

Of the 7,720 FEC clients with Creditor Records, 3,523 were excluded because the sum of debts on the Creditor Record did not match the total debt figure in the debt Service Plan, which was used for outcome calculations.

Additional Variables Created

Categorical Variables

- Age Range – Categorical variables created for age range were: (18 – 25), (26 – 35), (36 – 45), (46 – 55), (56 – 65), (65-Plus).
- Monthly Income Range – Categorical variables created for monthly income range were: ($0 - $300), ($300 – $900), ($900 – $1,500), ($1,500 – $2,300), ($2,300 – $3,250), ($3,250 – $6,400), ($6,400 or more).
- Primary Employment Status – The base employment variable from ETO allows for multiple statuses. For clients with multiple employment statuses, the CFE Fund selected a primary status based on the following hierarchy: if any status was full-time, then full-time was primary; if any status was part-time but no status was full-time, then part-time was primary; self-employed without full- or part-time was self-employed; retired without full-, part- or self-employed was retired; etc.
- Primary Language – This variable indicates client's primary language and does not include other languages used in their household.

- Referral Category – Counselors identified referral sources by organization name. At the CFE Fund's request, city FEC managers assigned all entities listed as clients' referral sources to the broad categories shown in Table 3.

- Starting and Ending FICO Credit Category – Categorical variables created for FICO Credit Category were: (Poor = 300 – 579) (Fair = 580 – 670) (Good = 670 – 740) (Very Good = 740 – 800) (Exceptional = 800 – 850).

- Starting Debt Range – A client's total debt at the start of FEC services. Categorical variables created for starting debt range were: (less than $5,000), ($5,000 – $10,000), ($10,000 – $20,000), ($20,000 – $50,000), ($50,000 – $100,000), ($100,000 or more).

- Starting Savings Range – A client's total savings at the start of FEC services. Categorical variables created for starting savings range were: (less than $100), ($100 – $500), ($500 – $1,000), ($1,000 – $5,000), ($5,000 – $10,000), ($10,000 – $20,000), ($20,000 – $100,000), (more than $100,000).

- Housing Cost Burden – Range of housing to income ratio: not cost burdened (0% – 30%); moderate cost burden (30.0001 – 50%); severe cost burden (50.0001% – 75%), (75.0001% – 100%), and (100.0001%+). This estimate uses self-reported housing costs and personal monthly income, not household income. Thus it might overstate housing cost burden if the reported housing costs were actually shared by other income earners in the household. It might over- or under-state housing cost burden if either costs or income actually fluctuates significantly and the reported amount(s) represented an unusually high or low month, rather than an accurate annual average.

New Binary Variables

- Unbanked – The client had neither a checking nor a savings account at the time of their FHA.

- Eventually Banked – The unbanked client achieved the outcome "Opened or transitioned to a safe and affordable account."

- Income Sources – The client had a particular source of income (wage, public benefits, Social Security, unemployment, pension, and other).

- Renter – Housing status at intake was "Rent."

- Children – Number of dependent children was greater than zero.

- Referral Type – Referral source was either an organization name (including "other"), or one of the following: Billboard, Friend or Family, Internet, Newspaper/TV/Radio, Walk In.

New Continuous Variables

- Income Proportion – These indicate the proportion of the client's total income that is (wage, public benefits, Social Security, unemployment, pension, and other).

- Percent of Area Median Income – Client's annual household income as a percent of the city's area median income for the client's household size, as defined by U.S. Housing and Urban Development.

- Housing and Utilities – Monthly housing costs plus monthly utilities costs. If utilities cost was missing, field was calculated based on housing cost alone. If housing cost was missing, the new variable was set to missing.

- Housing to Income ratio – Housing and utilities as a fraction of monthly income.

Limitations and Assumptions

Data about credit scores is limited due to programmatic issues affecting data collection. For the first 14 months of the grant period, the five cities were unable to pull consistent credit reports including scores. The CFE Fund ultimately negotiated a unique blanket contract with

Experian, allowing cities to pull identical reports at a very low cost. Prior to this contract, counselors used a patchwork of scores from a variety of providers and generally felt hindered in collecting data about baseline credit scores and changes in score outcomes. This potentially affected 1,805 baseline scores for 6,217 clients who have follow-up scores; the comparison of their baseline and follow-up scores is inevitably imperfect.

The number of clients in the Savings Service Plan may be artificially high. At least one city reported using the savings data entry function for people who were not working to address savings goals, because this was the only place where a counselor could record that a client has been assigned a spending journal. The majority of clients received spending journals. As a result, this analysis may understate the percentage of clients working on savings who achieved savings outcomes.

Appendix: Cost of Providing FEC Services

In 2014, the research firm MDRC conducted a review of the field of financial inclusion to inform potential funders. It recommended that evaluations in this field should ideally analyze the value of program benefits and costs along with program implementation and impact. The MDRC report noted that "benefit-cost analyses are especially rare in this field."[68] Cost analysis is increasingly important for federal and state funders. A 2014 "guide for effective government" recommends that all policymakers ask whether a program's benefits outweigh its costs, and observes that Washington State passed legislation including benefit-cost analysis as part of the evidence necessary for a program to receive support.[69]

The ladder of cost analysis includes at least five steps, listed below.[70] Benefit-cost analysis is the most comprehensive, demanding, and challenging. FECs, and those looking to replicate the FEC model, can reach the second rung of this ladder by using the method of cost-effectiveness analysis that the CFE Fund tested and outlined as part of this evaluation. Further research will be needed to determine the monetary value of the financial outcomes, Supervitamin Effects, and psycho-social outcomes identified through this evaluation.

- "Cost analysis" - a complete accounting of the expenses related to a program.
- "Cost-effectiveness analysis" - compares costs to non-monetized outcomes (a.k.a., "cost per outcome")
- "Break-even analysis" - considers how much outcomes would need to be to be valued in order to equal their costs, and whether such values appear to be reasonable.
- "Cost-savings analysis" - all governmental revenues, expenditures and savings that result from a program (a.k.a., fiscal impact analysis)
- "Cost-benefit analysis" - all costs and benefits experienced by all parties, in monetary terms.

THE TOOLKIT

As part of the CFE Fund's evaluation plan, MEF Associates produced a toolkit for analyzing the costs associated with a FEC initiative in a given city, with the goal of producing cost-effectiveness ratios. The toolkit provides step-by-step guidance for cities to identify, categorize, and calculate core program costs associated with delivering FEC program services, including both program costs and in-kind contributions by partners.

FEC program direct costs cover service delivery, recruitment and marketing, staff training, relationship management, and data management. Indirect costs may be attributed to the FEC based on the implementing organization's fiscal policies. Cost analysis requires detailed expenditure infor-

Categories of Program Costs

- Payroll
- Benefits
- Marketing and outreach
- Recruitment
- Training
- Equipment
- Space/facility
- Phone/Internet/utilities
- Office supplies
- Travel
- Credit reports
- Partner Development
- Incentives
- Board/committee costs
- Community nonprofit events
- Data and reporting

mation from both the city department overseeing the FEC and the nonprofit provider(s). For analysis, all costs should reflect actual expenditures for the time period in question, as opposed to projected or budgeted amounts.

It is also critical to capture in-kind support to the FEC provided by partner organizations, whether their relationship to the FECs takes the form of referral, co-location or programmatic integration. Including partner costs paints a more accurate picture, not only of the effort involved in improving people's financial stability, but also of the resources leveraged by a city's investment. Including in-kind costs underscores the commitment and investment of program partners in the initiative.

The majority of in-kind costs are either staff time (e.g., meeting with FEC counselors to discuss client progress, recruiting potential FEC clients) or space within a facility where FEC counseling sessions and administration take place. Given that people can receive services at multiple FEC locations throughout a city, it is important to collect in-kind data from all partners to accurately reflect the full city-wide cost of the program relative to city-wide service provision. While in-kind costs are likely to be higher among co-located partners, it is important to collect cost information from other partners who provide support services, such as marketing or information technology (e.g., the CFE Fund's ETO management services).

The CFE Fund's goal was to prepare all five cities to undertake cost-effectiveness analyses, comparing the costs of operating a FEC program to program results to determine a cost-per-outcome or output measure. It is important to note that these measures do not account for the extent to which costs have causally led to changes in outcomes, nor do they quantify the value of outcomes. Instead, cost-effectiveness studies present average cost per outcome ratios.

Table 30 • Topics Discussed at Each Counseling Session

	Number of Sessions	Share of All Sessions	Average Sessions per Client
Debt	3,515	6.2%	3.44
Banking, Debt, Credit	1,081	1.9%	3.3
Savings, Debt	2,862	5.0%	3.26
Banking, Savings, Debt, Credit	12,022	21.1%	2.91
Banking, Debt	409	0.7%	2.88
Banking, Savings, Debt	774	1.4%	2.87
Debt, Credit	7,763	13.6%	2.66
Savings, Debt, Credit	15,947	28.0%	2.65
Banking, Savings	892	1.6%	2.64
Savings	4,240	7.4%	2.36
Banking, Savings, Credit	1,074	1.9%	2.32
Savings, Credit	2,361	4.1%	2.3
Banking, Credit	391	0.7%	2.24
Credit	2,143	3.8%	2.05
Banking	1,476	2.6%	1.76

The process of researching and testing the cost-analysis guidelines identified several ETO data collection practices and reporting capacities that could prevent tying costs precisely to specific outcomes. The biggest obstacles were that counseling sessions addressed multiple topics (as indicated in Table 30), counseling time was not precisely linked to topics, and clients' outcomes were self-reported. These factors made it difficult to use existing ETO data to calculate the costs associated with specific counseling activities or specific outcomes of interest. To address this challenge, the toolkit outlines critical steps that cities should take to collect the data necessary for robust cost-effectiveness analysis.

Assuming only the type of data that was available to the cities at the end of the grant period, the toolkit presents a framework for calculating the following cost ratios:

- Per client: total costs divided by the number of clients.
- Per session: total costs divided by the number of sessions.
- Per outcome: total costs divided by all outcomes achieved (along with suggestions for identifying and measuring outcomes).

The toolkit also describes how the following additional cost ratios could be calculated if cities invested in additional data collection, particularly a time-use study to supplement ETO data on how much time was spent per topic per session:

- Per topic area: total costs dedicated to addressing debt, credit, savings or banking.
- Per topic area outcome: Above per-topic-area-costs divided by the number of outcomes achieved in that Service Plan area.
- Per dollar of debt reduced and per dollar saved: cost of debt Service Plan area divided by the total dollars of debt reduced, and cost of savings Service Plan area divided by the total dollars saved.

To put the costs of a FEC initiative into context, MEF Associates suggested that programs providing one-on-one job search or career advancement services may be analogous, and reviewed rigorous cost studies of five such programs. Looking at program costs for case management, job search, or support services (i.e., excluding stipends, transitional job wages, or IDA matches), the per-participant costs of these programs ranged from $1,571 to $3,096 in 2014 dollars. MEF Associates observed that FEC cost per participant is likely to be lower than these one-on-one case-managing programs.

The CFE Fund encouraged all FEC cities to use the toolkit to estimate and further refine their cost-effectiveness ratios. The costs, and cost-effectiveness, of one FEC initiative is expected to be very different from another's. The five FEC replication cities had very different program sizes, ranging from four counselors in Lansing to 11 in San Antonio. Of course, each city had different costs of doing business based on factors including the local economy, their number and type of partners, and their ability to obtain in-kind services. The cities also had different types and levels of outcomes based on factors including the local economy, the mix of referral partners and client types, and management's approach to issues such as speed of launch, counselor caseload, and outcome targets.

CONCLUSION

The CFE Fund intends to use the toolkit as part of its ongoing technical assistance to cities around the U.S. and the hemisphere as they look to launch and grow Financial Empowerment Centers. Increasing the capacity of cities to conduct cost analyses, and their willingness to share their results, will advance the field and support policymakers seeking to ensure the sustainability of financial empowerment services.

Appendix: Regressions and Tested Client Differences

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The regression tables below show the results of the logistic regression of the binary dependent variable that is equal to 1 if a client achieved an outcome and 0 otherwise, on a set of independent variables. The z-score indicates the level of statistical significance. The 95% Confidence Interval provides the range of estimates.

Independent Variables Tested

age	
banking_sessions	Number of banking plan sessions
childdeps_total_fixed	Total children
children	Binary variable if client has children
city_use	FEC city
credit_cat	FICO credit category
credit_sessions	Number of credit plan sessions
debt_sessions	Number of debt plan sessions
education_use	Client education level
emergency_500	How confident are you that you could pay an unexpected expense or emergency of $500?
emp_status_new	Client employment status
ethnicity_use	Client ethnicity
eventuallybanked	Binary variable if unbanked client opened a bank account
female	Binary variable if client is female
finance_control	How much control do you feel over your finances?
finance_worried	How worried are you about your finances?
healthinsurance	Binary variable if client has health insurance
housecostburd	Binary variable if housing cost is >30%
housing_to_inc	Ratio of monthly housing costs to monthly income
incometoexpensesnew	Income to expense ratio
m_housing_utils	Monthly housing and utility expenses
m_totalexpnew	Monthly expense
minwageratio	Ratio of client's annual income to full-time minimum wage annual income
mtotalinc_new	Monthly income
pubben_souc	Client has income from public benefits
referral_cat	Referral source category
referral_type	Binary variable if referral is organization
renter	Binary variable if client is a renter
savings_sessions	Number of savings plan sessions
selfemployed	Binary variable if client is self-employed
socsec_souc	Client has income from Social Security
startcredit	Client's starting credit
startdebt	Client's starting debt
startsavings	Client's starting savings
studentloan	Client has student loans
unbanked	Binary variable indicating client is unbanked
unemployed	Binary variable if client is unemployed, student, retired, or disabled
wages_souc	Client has income from wages

Factors Affecting the Likelihood of Attending More Than One Counseling Session

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client was unbanked	0.733	-5.800	0.663	to	0.818
Client was housing cost burdened	0.897	-2.850	0.833	to	0.967
Client did not receive wage income	0.897	-1.970	0.806	to	0.999
Client monthly income	1.000	-0.400	1.000	to	1.000
Client age	1.015	9.690	1.012	to	1.018
Client Educational Level:					
Less than high school	0.933	-1.050	0.819	to	1.062
Two-year college	1.125	2.250	1.015	to	1.246
Vocational/tech/business school	1.013	0.170	0.876	to	1.172
Four-year college	1.414	6.090	1.265	to	1.580
Graduate degree	1.234	2.820	1.066	to	1.428

Factors Affecting the Likelihood of Opening a Bank Account

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client is unbanked	0.716	-2.760	0.565	to	0.907
Client did not receive wage income	0.636	-2.970	0.472	to	0.857
Number of banking sessions	1.430	17.370	1.373	to	1.488
Client housing cost burdened	0.759	-2.680	0.621	to	0.929
How worried are you about your finances?					
A little	0.716	-1.610	0.476	to	1.076
Somewhat	0.690	-1.910	0.472	to	1.011
Very	0.666	-2.180	0.462	to	0.959
Extremely	0.606	-2.500	0.409	to	0.898

Factors Affecting the Likelihood of Opening a Bank Account (unbanked clients only)

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client did not receive wage income	0.485	-3.050	0.304	to	0.772
Number of banking sessions	1.712	11.790	1.565	to	1.872
How worried are you about your finances?					
A little	1.209	0.480	0.557	to	2.624
Somewhat	0.849	-0.430	0.400	to	1.803
Very	0.638	-1.210	0.308	to	1.321
Extremely	0.672	-1.040	0.318	to	1.424

Differences Between Clients Who Did/Did Not Open Bank Accounts

	Bank Account Opened Mean (Standard Deviation)	Bank Account Not Opened Mean (Standard Deviation)
Age*	43.28 (13.45)	40.99 (13.13)
Monthly income*	$1,648.18 ($1,159.11)	$1,474.17 ($1,327.91)
Monthly expenses*	$1,399.70 ($1,000.26)	$1,277.06 ($1,010.00)
Starting debt	$23,898.89 ($32,668.74)	$21,835.16 ($36,726.82)
% Female	68.90%	65.57%
% African American/Black	47.56%	45.73%
% Latino/Latina	25.53%	26.49%
% Caucasian/White	20.87%	19.76%
% Unbanked*	31.50%	45.45%
% Unemployed*	39.62%	47.32%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

Differences Between Clients Who Did/Did Not Establish Credit Scores

	Credit Score Established Mean (Standard Deviation)	Credit Score Not Established Mean (Standard Deviation)
Age	44.48 (13.75)	43.50 (13.73)
Monthly income*	$1,610 ($1,011.89)	$1,300.67 ($1,142.53)
Monthly expenses*	$1,251.23 ($807.80)	$1,058.14 ($786.14)
Starting debt	$8,592.12 ($19,065.09)	$9,316.70 ($41,567.26)
% Female	62.99%	58.41%
% African American/Black	47.74%	42.79%
% Latino/Latina	30.86%	31.37%
% Caucasian/White	15.23%	19.40%
% Unbanked*	18.18%	34.21%
% Unemployed*	48.70%	55.52%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

Factors Affecting the Likelihood of Establishing Credit Score

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client is unbanked	0.639	-2.060	0.417	to	0.979
Unbanked client opened an account	1.008	0.020	0.449	to	2.262
Number of credit sessions	1.250	7.210	1.176	to	1.328
Organization referral type	0.678	-2.110	0.473	to	0.973
Monthly total income	1.000	3.900	1.000	to	1.000

Factors Affecting the Likelihood of Increasing a Credit Score

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client was unbanked	0.910	-0.700	0.697	to	1.187
Unbanked client opened an account	1.104	0.350	0.636	to	1.919
Client did not receive wage income	0.707	-2.970	0.563	to	0.888
Number of credit sessions	1.297	16.300	1.257	to	1.338
Client was housing cost burdened	0.830	-2.590	0.721	to	0.956
Organization referral type	0.846	-2.230	0.731	to	0.980
Starting FICO Credit Score					
Good	2.036	2.680	1.211	to	3.421
Fair	2.489	3.700	1.535	to	4.037
Poor	3.770	5.380	2.324	to	6.115
How worried are you about your finances?					
A little	0.859	-1.020	0.642	to	1.149
Somewhat	0.855	-1.110	0.649	to	1.126
Very	0.719	-2.410	0.550	to	0.940
Extremely	0.611	-3.420	0.460	to	0.810

Differences Between Clients Who Did/Did Not Increase Credit Scores

	Credit Score Increased Mean (Standard Deviation)	**Credit Score Not Increased** Mean (Standard Deviation)
Age	43.49 (13.18)	43.78 (13.69)
Monthly income*	$2,052.96 ($1,428.26)	$1,902.04 ($1,445.33)
Monthly expenses*	$1,785.52 ($1,423.88)	$1,681.99 ($1,119.59)
Starting credit score*	574 (68.79)	592 (73.08)
Starting debt	$33,627.47 ($43,173.88)	$32,621.88 ($43,998.71)
% Female	62.99%	58.41%
% African American/Black	47.74%	42.79%
% Latino/Latina	30.86%	31.37%
% Caucasian/White	15.23%	19.40%
% Unbanked*	18.18%	34.21%
% Unemployed*	48.70%	55.52%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

Factors Affecting the Likelihood of Reducing Debt

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client Is unbanked	0.989	-0.160	0.800	to	1.210
Unbanked client opened an account	0.524	-2.440	0.311	to	0.882
Client did not receive wage income	0.777	-2.620	0.644	to	0.938
Number of debt sessions	1.164	14.980	1.142	to	1.188
Client was housing cost burdened	0.916	-1.380	0.810	to	1.038
Client starting debt					
$50,000 – $100,000	0.995	-0.040	0.741	to	1.334
$20,000 – $50,000	0.991	-0.060	0.749	to	1.312
$10,000 – $20,000	1.193	1.180	0.890	to	1.599
$5,000 – $10,000	1.207	1.180	0.884	to	1.647
Less than $5,000	1.071	0.460	0.802	to	1.430
How much control do you feel over your finances?					
A little control	1.060	0.690	0.898	to	1.251
In control	1.156	1.560	0.964	to	1.388
Very in control	1.559	3.440	1.210	to	2.008
Extremely in control	1.626	3.120	1.198	to	2.207

Differences Between Clients Who Did/Did Not Reduce Debt

	Debt Reduced	Debt Not Reduced
	Mean (Standard Deviation)	Mean (Standard Deviation)
Age	45.07 (13.44)	43.63 (13.52)
Monthly income*	$1,882.19 ($1,443.94)	$1,863.41 ($1,361.98)
Monthly expenses*	$1,680.37 ($1,318.30)	$1,673.52 ($1,176.36)
Starting debt	$2,7762.90 ($42,255.02)	$29,698.54 ($41,975.71)
% Female*	70.90%	71.19%
% African American/Black	47.34%	48.70%
% Latino/Latina	26.63%	27.25
% Caucasian/White	20.38%	18.13%
% Unbanked	16.62%	16.18%
% Unemployed*	40.22%	37.32%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

Differences Between Clients in the Creditor Record Subset Who Did/Did Not Reduce Debt

	Debt Reduced	Debt Not Reduced
	Mean (Standard Deviation)	Mean (Standard Deviation)
Age*	44.60 (13.43)	42.15 (13.46)
Monthly income	$1,718.81 ($1,304.45)	$1,736.30 ($1,201.76)
Monthly expenses	$1,680.37 ($1,318.30)	$1,523.28 ($1,006.40)
Starting debt	$23,875.28 ($37,304.25)	$24,622.81 ($34,874.87)
% Female	71.47%	70.27%
% African American/Black	49.80%	49.86%
% Latino/Latina	20.12%	25.83%
% Caucasian/White	23.66%	18.82%
% Unbanked*	20.83%	16.90%
% Unemployed*	45.96.75%	38.01%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

Factors Affecting the Likelihood of Reducing Debt

Independent Variables	Odds Ratio	z	95% Conf. Interval	
Auto debt	1.297	2.470	1.055	1.595
Medical debt	0.763	-2.730	0.629	0.927
Student loan debt	0.652	-3.970	0.528	0.805
Utility arrears	1.219	2.030	1.007	1.476
Number of debt sessions	1.236	10.350	1.188	1.287

Factors Affecting the Likelihood of Increasing Savings

Independent Variables	Odds Ratio	z	95% Conf. Interval		
Client is unbanked	0.467	-4.470	0.334	to	0.652
Unbanked client opened an account	7.649	7.360	4.449	to	13.151
Client did not receive wage income	0.711	-2.520	0.546	to	0.927
Number of savings sessions	1.247	14.170	1.210	to	1.286
Client was housing cost burdened	0.730	-3.710	0.618	to	0.862
Client has dependent children	0.694	-3.930	0.579	to	0.833
Client's age	0.989	-3.050	0.982	to	0.996
How much control do you feel over your finances?					
A little control	1.012	0.100	0.800	to	1.279
In control	1.302	2.090	1.016	to	1.667
Very in control	1.392	1.980	1.003	to	1.931
Extremely in control	1.736	2.660	1.156	to	2.608

Differences Between Clients Who Did/Did Not Increase Savings

	Savings Increased	Savings Not Increased
	Mean (Standard Deviation)	Mean (Standard Deviation)
Age	42.03 (13.07)	43.77 (13.72)
Monthly income	$1,889.77 ($1,207.92)	$1,865.43 ($1,450.60)
Monthly expenses	$1,589.757 ($1,044.93)	$1,667.56 ($1,334.53)
Starting debt	$29,336.33 ($41,060.42)	$28,249.76 ($39,832.35)
% Female*	74.90%	72.06%
% African American/Black	48.30%	50.01%
% Latino /Latina	24.34%	26.43%
% Caucasian/White	22.36%	17.57%
% Unbanked*	13.58%	17.21%
% Unemployed*	24.27%	31.09%

T-Tests were performed to test the hypothesis that means are statistically different.

* indicates a statistical difference

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