



Municipal integration of financial empowerment services - Field scan -

June 2017



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- Field scan -

1 Overview

Prosper Canada selected Toronto Employment and Social Services (TESS) to participate in a 12-month engagement to identify opportunities for integrating financial empowerment services into the municipal service delivery system. The purpose of this 'Field Scan' is to inform TESS of relevant approaches, research and best practices in the field.

1.1 Definitions.

Services and programs that aim to improve financial security in low-income households (e.g. financial coaching, free tax clinics, benefits access tools) are **financial empowerment** services, and have typically been delivered via non-profit community organizations.

Municipal integration is the process of embedding financial empowerment services into existing city social service delivery systems and programs.

In the U.S., the phrases **financial capability** and **financial inclusion** are also used and mostly interchangeable with financial empowerment.

2 Who is doing this?

Most experience to date delivering financial empowerment services and programs to low-income households lies with community-based and non-profit organizations.

2.1 Non-profit organizations are pioneering the field.

Currently Prosper Canada operates three programs that pilot and refine various features and approaches to financial empowerment. Many of the sites below have some partnership with their local municipality, and may receive some government funds, but the services originate and are delivered outside the municipal service system.

2.1.1 *National Financial Empowerment Champions Project*

Prosper Canada is partnering with five non-profit/charitable organizations nationwide to improve the financial well-being of Canadians living on low incomes. Funded in part by the Government of Canada's Social Development Partnerships Program, these five partners are known as Financial Empowerment Champions (FECs) with the aim to expand proven financial empowerment interventions across the country.

- E4C, Edmonton AB
- Family Services of Greater Vancouver, Vancouver BC
- Momentum, Calgary AB
- SEED Winnipeg/Community Financial Counselling Services, Winnipeg MB
- Union des Consommateurs, Montréal QC.

2.1.2 Ontario Financial Empowerment Champions Project

Prosper Canada is partnering with five non-profit/charitable organizations in Ontario to improve the financial well-being of over 50,000 Ontarians living on low incomes. Funded by the Government of Ontario, these five partners are known as Ontario FECs with the aim to expand proven financial empowerment interventions across the province.

- EBO Financial Education Centre, Ottawa
- WoodGreen Community Service, Toronto
- Family Service Thames Valley, London
- Sudbury Community Service Centre
- Thunder Bay Counselling Centre

2.1.3 Financial Empowerment and Problem Solving Program

The Financial Empowerment and Problem Solving (FEPS) Program provides financial education, advocacy, and problem-solving services to people with low-incomes at five sites in three Ontario cities with funding from the Ontario Ministry of Community and Social Services. Created by West Neighbourhood House, a Toronto neighbourhood services organization, the FEPS Program provides free, confidential, one-on-one support to Toronto residents with low incomes to help them build their financial health. Participants receive referrals to income support programs and financial service providers, and hands-on help with a variety of other financial needs such as accessing bank services, tax filing and managing debt.

- West Neighbourhood House, Toronto
- Jane/Finch Centre, Toronto
- Agincourt Community Services Association, Toronto
- The Working Centre, Kitchener
- EBO Financial Education Centre, Ottawa

2.2 U.S. organizations have the most experience.

Several national organizations in the U.S. have amassed experience in this area.

2.2.1 Cities for Empowerment Fund (CFE), <http://www.cfefund.org/>

The New York City based CFE Fund has seeded and advised municipal integration initiatives in cities across the U.S. The organization pioneered their model as the NYC Office of Financial Empowerment under Mayor Michael Bloomberg and coined the term ‘supervitamin’ to describe the boost they found occurred when financial empowerment services were delivered alongside traditional services such as employment, housing and income supports.

Our Financial Empowerment Centers are directly improving residents’ bottom lines. But there is also a multiplier effect that is making other government programs more successful. For instance, we’ve seen how we can achieve better and quicker results for participants in social service programs when financial counseling is inserted into the mix. And when we speak with staff at our workforce development programs, they say that financial counseling is helping to remove one of the most common barriers to job retention: running out of money for subway or bus fare. Integrating financial counseling into our service delivery helps citizens to better manage their budgets, reducing the likelihood they will miss work and lose earnings. -Michael Bloomberg, 2012¹

¹ <https://www.livingcities.org/blog/88-improving-financial-stability-in-america-s-cities>

2.2.2 Prosperity Now, <http://www.prosperitynow.org/>

CFED is a national practice and policy organization in the U.S. which has for several years been studying and convening learning clusters – primarily of non-profit organizations - to identify ways that integrating financial capability services into other social services can address the central and interrelated problems families face in achieving financial security.

CFED finds that innovative social service providers in both the nonprofit and government sectors have embraced the idea of coordinating access to multiple types of services, including financial capability services, as a way to improve outcomes and enhance the financial well-being of their clients. Evidence from these service providers shows that embedding such financial capability strategies – helping families access financial information; connecting families to safe, affordable financial products and services; building savings and wealth and teaching them to protect themselves in the financial marketplace – boosts programmatic outcomes.²

2.2.3 Local Initiatives Support Corporation (LISC), <http://www.lisc.org/>

LISC's financial stability programs connect low- to moderate- income families with the financial and labour market mainstream. Through their Financial Opportunity Centres (FOC), they offer employment and career services, financial coaching and education and low-cost financial products that build credit, savings and assets. FOCs help low- to moderate-income people build smart money habits and focus on the financial bottom line. LISC has a network of nearly 80 FOCs across the US embedded in local community-based organizations. The cornerstone of the FOC model is providing these services in an integrated way—rather than as stand-alone services—and with a long-term commitment to helping clients reach their goals.

LISC reports that integrated or “bundled” services lead to concrete gains in net income and job retention. Research shows that FOC clients who take advantage of combined services are 50 per cent more likely to land a well-paying job than people receiving employment services alone. And long-term job retention—holding a job for a year or more—almost doubles when financial coaching reinforces the work of employment counseling.³

2.3 U.S. cities are busy in this area.

In a 2015 survey “City Financial Inclusion Efforts: A National Overview” by the National League of Cities of 118 U.S. cities, 65 per cent had instituted some kind of financial empowerment services.

“This report... highlights opportunities that are missed when financial inclusion programs are implemented in silos or not effectively supported by city leaders and agencies... the report identifies areas in which municipal officials may be able to expand their leadership roles and describes the financial inclusion strategies being implemented in cities, with the hope that these insights will inspire municipal leaders to take further action.”¹

² http://cfed.org/programs/integrating_financial_capability/

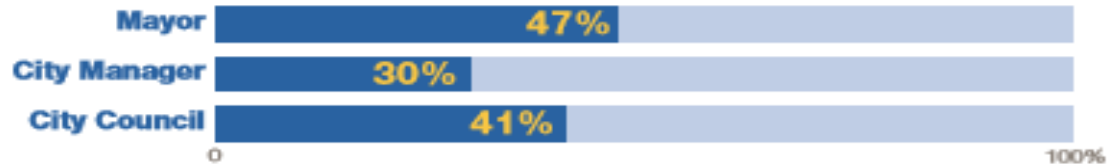
³ <http://www.lisc.org/our-initiatives/financial-stability/financial-opportunity-centers/>

FIGURE 1.

► **CITIES WITH FINANCIAL INCLUSION PROGRAMS IN PLACE**

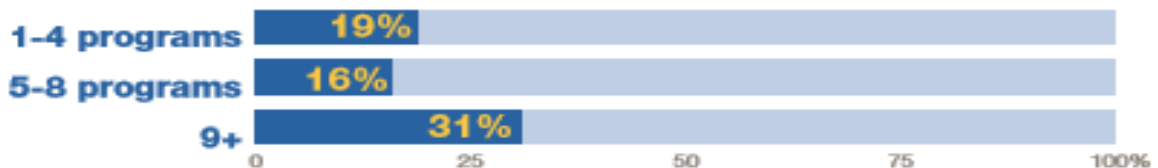


► **FINANCIAL INCLUSION AS PRIORITY FOR CITY LEADERSHIP (percent of cities)**



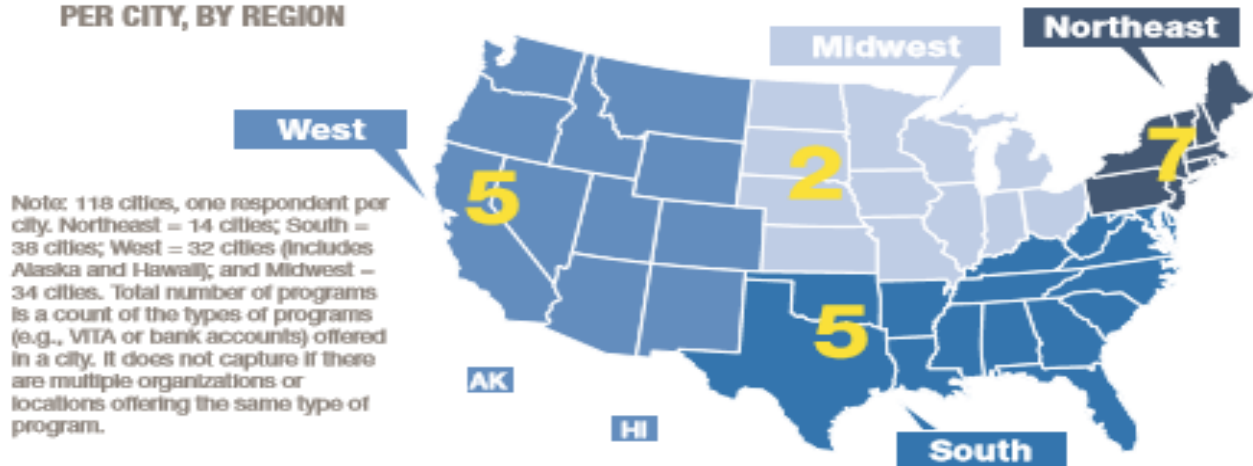
Note: 118 cities, one respondent per city. Respondents reported that "helping residents achieve greater financial stability" was a high or top priority for city leaders.

► **AVERAGE NUMBER OF FINANCIAL INCLUSION PROGRAMS (percent of cities)**



Note: 118 cities, one respondent per city. Total number of programs is a count of the types of programs (e.g., financial education, home ownership assistance, access to bank accounts) reported by the survey respondent as available in a city. It does not capture if there are multiple organizations or locations offering the same type of program. Thirty-five percent of cities have no programs in place.

► **AVERAGE NUMBER OF FINANCIAL INCLUSION PROGRAMS PER CITY, BY REGION**

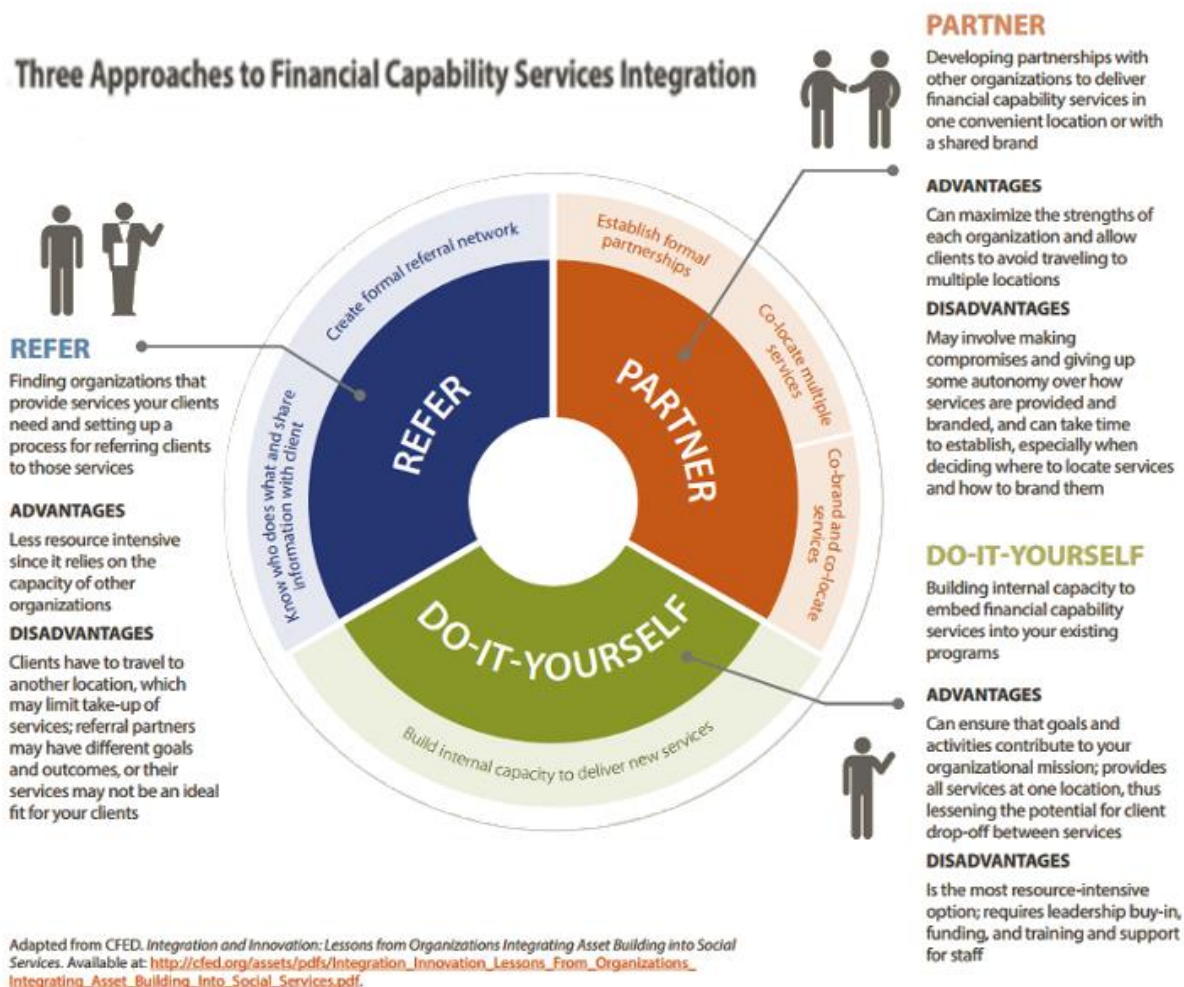


¹"City Financial Inclusion Efforts: A National Overview" National League of Cities, 2015

3 Approaches to municipal integration

Across the field of both non-profit and municipal actors, generally there are three types of approaches to financial empowerment service delivery, defined and illustrated below by CFED:

- **In-house** (aka do-it-yourself). Building capacity in-house involves developing internal capacity to embed financial empowerment services into your existing services.
- **Partnership**. Partnering with other organizations to deliver services involves deeper relationships and “shared” clients.
- **Referral**. Referring clients to other organizations involves finding organizations that provide services your clients need, and setting up a process for referring clients to these services.



3.1 The leading model is the 'Financial Empowerment Center' approach.

In 2013 the CFE Fund invested \$16.2M in five U.S. cities to use the New York City experience to embed financial empowerment into municipal services in other cities. The model is to create a 'Financial Empowerment Center' within the city, preferably the Mayor's Office, and contract with local agencies to provide free, personalized, and professional financial counselling to residents. Centres launched in 2013 as detailed in the table below:

City	Mayor	Partners	Integrated Services	Projected Clients Served*
Denver	Michael B. Hancock	mpowered	Benefits enrollment, family stabilization services, workforce training, job placement and housing services	4,500 people
Lansing	Virg Bernero	Capital Area Community Services	Emergency services, housing services, workforce development, asset building, Head Start and prisoner re-entry	4,000 people
Nashville	Karl Dean	United Way	Public benefits enrollment, housing assistance, and local nonprofit agencies focusing on self-sufficiency	5,000 people
Philadelphia	Michael A. Nutter	Clarifi	Housing initiatives, job placement organizations, legal aid, utility assistance, and other existing social service organizations	8,900 people
San Antonio	Julian Castro	United Way & Family Services Association	Public benefits enrollment, job seeker supports, homeless services and homeless prevention, senior services	7,900 people

*Estimated projected clients served over three years

Client outcomes included a \$23M drop in debt and a \$2.7M increase in savings. City outcomes indicated sustainability: "All five cities secured public dollars to sustain financial counseling and three opened new Offices of Financial Empowerment." (CFE Fund)

3.2 Variations on this model emerged in cities.

Other cities engaged with the CFE Fund and adapted the FEC model to suit municipal needs. Called “the Next Gen cities” CFE Fund continues to offer technical assistance and support to 15+ cities through their CFE Coalition.



3.3 Utility payments tested as an entry point to financial empowerment services

Local Interventions for Financial Empowerment Through Utility Payments (LIFT-UP) was a two-year pilot project conducted by the National League of Cities in five U.S. cities. The LIFT-UP model proposed a "win-win" scenario, allowing city utilities to recoup lost revenue due to unpaid bills, while connecting residents who are behind on their utility bills with financial empowerment services to help them improve their overall financial well-being. Incentives such as reduced or waived fees, holds on water shutoffs and one-time credits to accounts were a vital component of LIFT-UP.

Municipalities frequently own and operate their water utilities offering city leaders a unique - and often missed - opportunity to reach residents. The hypothesis of the project was that cities might identify families who are struggling by examining utility payment pattern data and connect them to a variety of financial empowerment services and benefits.

Between 2014 and 2016, National League of Cities conducted an evaluation in five cities - Houston, TX; Louisville, KY; Newark, NJ; Savannah, GA; and St. Petersburg, FL - to test the effectiveness of the LIFT-UP model. The research found that despite variances in the cities overall the strategy reduced both utility indebtedness and financial insecurity in city residents. See [the report briefing](#) ¹ for more detail and ideas for adapting the model.

The Program Model

LIFT-UP



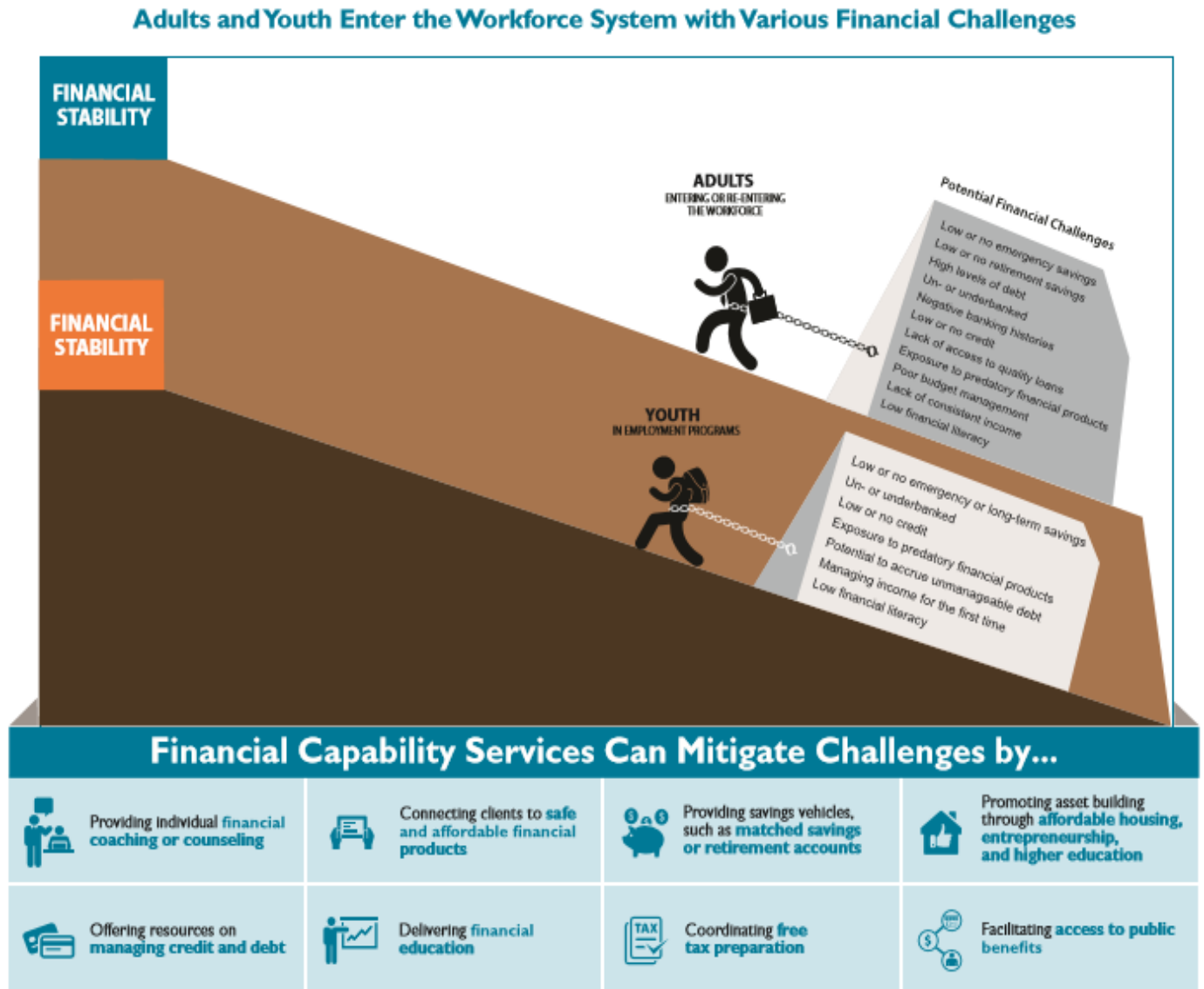
¹"Lift Up: Innovative City Strategy Reduces Utility Debt and Financial Insecurity for Residents"
http://www.nlc.org/sites/default/files/users/user75/YEF_LIFTUPBrief.pdf

4 Relevant research

The following findings emerged from a survey of research relevant to integration of financial empowerment services, where possible as it relates to municipalities.

4.1 Employment alone does not guarantee financial well-being.

While consistent and adequate income from work can reduce financial stress, households need to improve credit, reduce debt, and increase savings to move to long term financial well-being⁴. Workforce development programs and financial capability services share similar goals and their services are strongly interrelated. Studies shows that by integrating financial capability services into employment services, job placement rates, number of hours worked, wages and job retention rates all tend to increase.(Prosperity Now, 2015)



⁴ “Increasing Financial Well-Being Through Integration: Gaining and Retaining Employment” [Prosperity Now, February 2015](#)

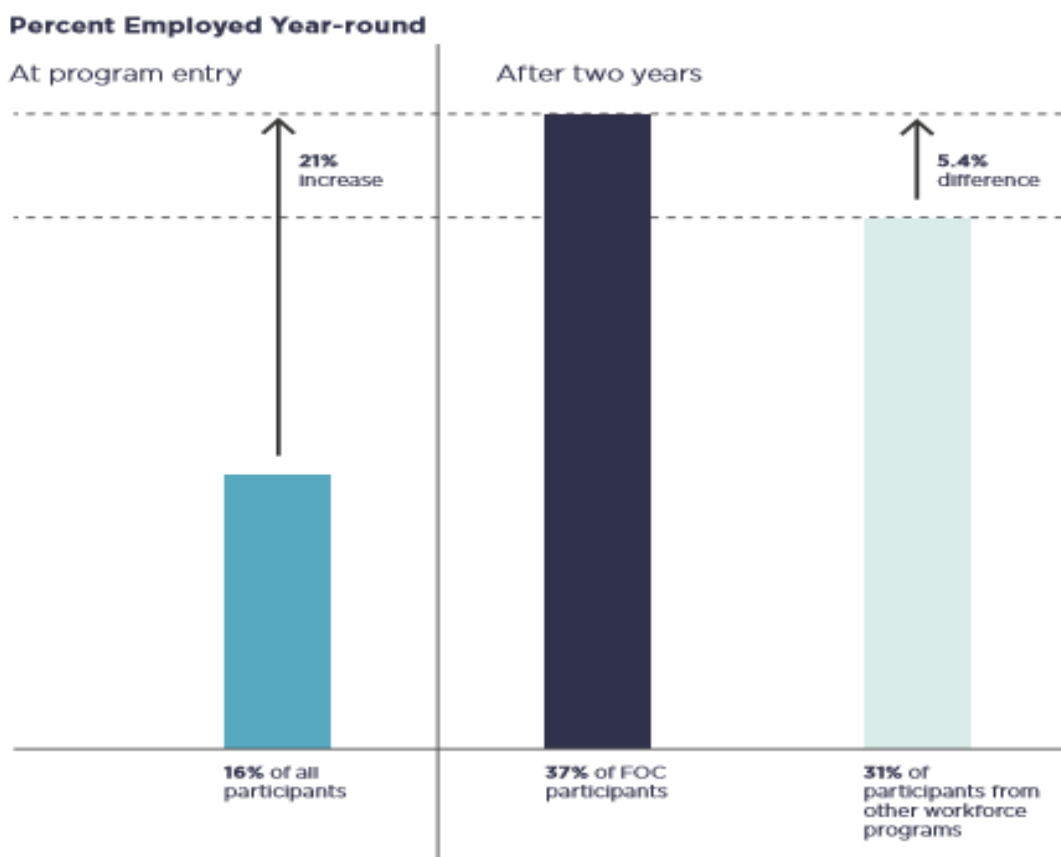
The Prosperity Now paper “Increasing Financial Well-Being Through Integration: Gaining and Retaining Employment” also notes key structural barriers that may constrain effective integration including:

- Inadequate and restrictive outcome measures
- A siloed or disjointed social service system
- Limited availability and access to low-cost quality financial services and products
- Disincentives for savings.

4.2 Integrating employment assistance with 1:1 financial counselling works.

Research on the Financial Opportunity Centers (FOCs) mentioned previously found that clients who access a range of services have more success meeting their financial goals than people in programs offering employment assistance alone. Their gains include landing and keeping a job, growing credit and increasing annual earnings. An independent study⁵ by the Economic Mobility Corporation found that, compared to people in programs offering employment assistance alone, FOC clients were more likely to:

- be employed year-round (see chart here)
- reduce non-asset-related debt
- build positive credit histories.



⁵ “Mapping a Road to Financial Wellbeing” LISC, [October, 2016](#) and “First Steps on the Road To Financial Well-Being: Final Report from the Evaluation of LISC’s Financial Opportunity Centers” [Mobility Corporation, September 2016](#).

4.3 Family financial health contributes to city fiscal health.

According to the Urban Institute family financial health—as measured by savings and debts—contributes to city health. Specifically, savings help families survive inevitable setbacks, making it less likely that they will need government subsidies and more likely that they will be able to contribute consistently to local government revenues and the local economy.⁶

Key findings include these two:

- **Families with even a small amount of nonretirement savings are less likely to be evicted, miss a housing or utility payment, or receive public benefits when income disruptions occur.** The savings cushion kicks in with very low savings levels (\$250–\$749); for public benefits, any savings reduce benefit receipt. Higher savings levels, however, are associated with even lower hardship levels and benefit receipt.⁴ These relationships hold when taking account of family incomes.
- **Low-income families with savings are more financially resilient than middle-income families without savings.** Low-income families with savings of \$2,000–\$4,999 are less likely to experience a hardship after an income disruption than middle-income families with no savings.

The researchers created a series of ten fact sheets⁷ where “we assess the cost that each of 10 cities incurs when financially insecure residents (those with less than \$2,000 in savings) are evicted or cannot pay their property taxes or utility bills . . . Across these cities, the costs range from the tens to hundreds of millions of dollars, suggesting that cities have an economic interest in helping to improve their residents’ financial health.” A sample of the Miami sheet is shown on page 13 and 14.

⁶ “Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities” [Urban Institute, April 2016](#)

⁷ “The Cost of Eviction and Unpaid Bills of Financially Insecure Families for City Budgets”, [Urban Institute, April 2016](#)



Miami

The Cost of Eviction and Unpaid Bills of Financially Insecure Families for City Budgets

Diana Elliott and Emma Kalish

January 2017

The financial health of cities depends on financially secure residents. When families have little to no savings and experience a disruption in their income or expenses, bills may be missed and consequences such as eviction may result. In Miami, the government cost of family financial insecurity from eviction and unpaid property taxes and utility bills is estimated to range from \$13 million to \$31 million of a total annual operating budget of \$936 million. An estimated 120,000 families do not have at least \$2,000 in savings and are thus financially insecure.

Another way to measure the financial health of Miami residents is through credit scores, which estimate the perceived risk of delinquency on a debt or line of credit. Overall, 33 percent of Miami residents have a subprime credit score, signifying high risk and limited access to credit. This is above the national average of 30 percent.

What can be done? Helping Miami families boost savings and pay loans and bills on time will improve their financial health and that of the city.

Among families in Miami,
73% are financially insecure, with less than \$2,000 in savings, compared with 52% nationally.

**\$13–31
million**

The minimum cost to Miami government of family financial insecurity from eviction and unpaid property taxes and utility bills

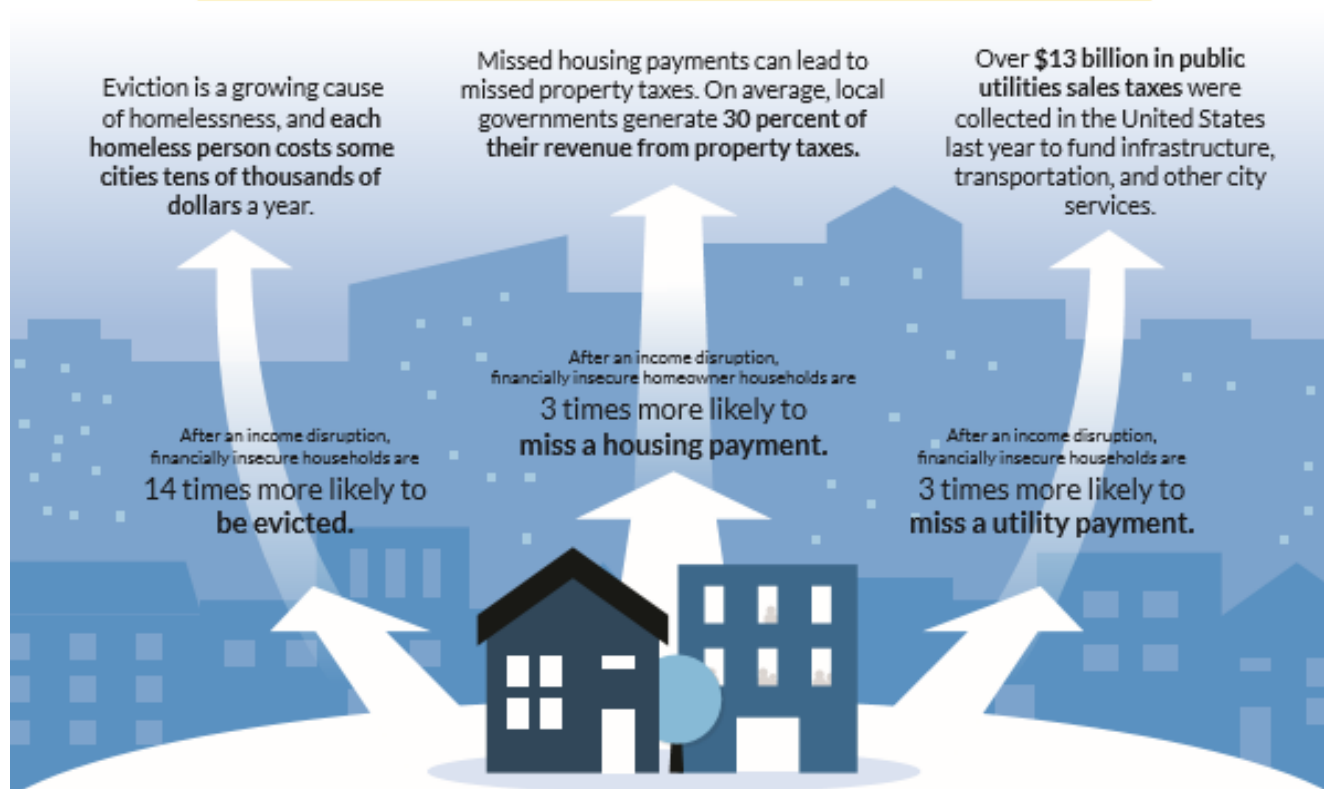
120,000

of the 170,000 families in Miami are financially insecure

33%

of Miami residents have subprime credit scores

How Household Financial Insecurity Affects Cities and Steps Cities Can Take



Half of all households do not have \$2,000 in nonretirement savings, making them financially insecure and at higher risk for evictions and missed payments.

This comes at a cost to cities.

Steps cities can take:

Offer financial coaching, counseling, and innovative uses of technology to help build residents' financial well-being, including savings strategies.

Integrate financial interventions—such as those that help residents repay rent and utility debt—into other programs to meet people where they are.

Make saving easy through incentivized programs that provide matching funds to help residents build an emergency savings cushion and move up the economic ladder.

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5 Lessons learned

5.1 Five lessons synthesized from a review of several sources related to integration of Financial Empowerment services.

- 1. Spend the time upfront to agree on the target group, assess their financial needs and determine which service (s) to provide.** Leading service delivery design methods emphasize the importance of “finding the right problem” before you can “find the right solution”. Understand which financial capability services are right for which clients.
Use a landscape analysis tool or financial needs assessment. Consider creating an Advisory Group.
- 2. The training of new coaches or counsellors is a critical component to get right.** Build staff capacity to deliver or refer clients. Components typically include coaching and learning methods as well as specific financial content. Seek professional training using a widely accepted financial coaching and education curriculum. Prepare for scenarios where conversations go beyond the workers’ level of knowledge by having a plan for additional training or a subject matter “expert” available to the worker. Training on how various cultures talk about and handle money is beneficial.
- 3. Organizational capacity, support and buy-in are key.** Engage stakeholders early on and at multiple levels. An integration project will be more successful if staff at all levels understand the objectives and agree that the work is important. Especially critical is buy-in from frontline staff of the value and benefits of building financial capability in clients. Equip staff with tools to handle money conversations. Ensure that any privacy and conflict of interest concerns are resolved. Engage in succession and sustainability planning upfront to protect the training investment. Publicly link to municipal poverty reduction goals and agenda.
- 4. Formalize service delivery partnerships early on.** Think creatively about partnerships, and make sure partners have what they need to serve clients well. Spell out expectations of all parties in a formal agreement such as an MOU. Support partners to build their networks and capacity, and to benefit from publicity. Agree on data collection processes and tools.
- 5. Build in methods and measures for program evaluation with an eye to making the case for sustainability.** Data collection and outcomes measurement should be planned and established from the beginning (See box on page X.) It is important to evaluate progress against objectives, to inform mid-course changes and to provide impact evidence to make the case for sustained public funding. Be thoughtful. Distinguish between success measures for clients, and for the program.

Sources:

1. [“Integrating Financial Stability Strategies into Workforce Development Programs: An implementation Pilot in Boston”](#) SkillWorks, The Midas Collaborative and Citi Foundation December 2013
2. [“Meeting people where they are: 5 lessons for integrating financial capability services”](#), Prosperity Now, August 2015
3. [“Building Financial Counseling into Social Service Delivery”](#), NYC Dep’t of Consumer Affairs Office of Financial Empowerment (OFE) , September 2014
4. Final Report (internal) for a 2016 technical assistance engagement between the CFE Fund and Prosper Canada.
5. Bridgeable 2017 Service Design workshop for Prosper Canada staff.

5.2 Creating the right measurement framework: An example

Measuring Success at CFE Fund Centers

Critical to success is a measurement framework that generates evidence in two areas:

- impact on clients' financial wellbeing, and
- progress toward program objectives.

At CFE Fund centers, counsellors work with clients to help them achieve meaningful, quantifiable outcomes such as:

- ✓ Banking: open or transition to a safe and affordable bank account
- ✓ Credit: establish a credit score, and increase credit score by 35+ points
- ✓ Debt: decrease non mortgage debt by 10+%
- ✓ Savings: increase savings by 2+% of annual income

Overall the program reported recently that over 70,000 clients increased their savings by almost \$9M and reduced their debt by more than \$83M (CFE Fund, May 2017). The program also evaluates progress by considering:

- ✓ Meaningful metrics and standardization
- ✓ Fostering new partnerships
- ✓ Financial empowerment written into City grants/contracts
- ✓ Tapping into funding streams not traditionally used for this work
- ✓ Financial empowerment newly connected to city's agenda
- ✓ The creation of city infrastructure to sustain efforts

A few of the latest frameworks for measuring client financial health are available at:

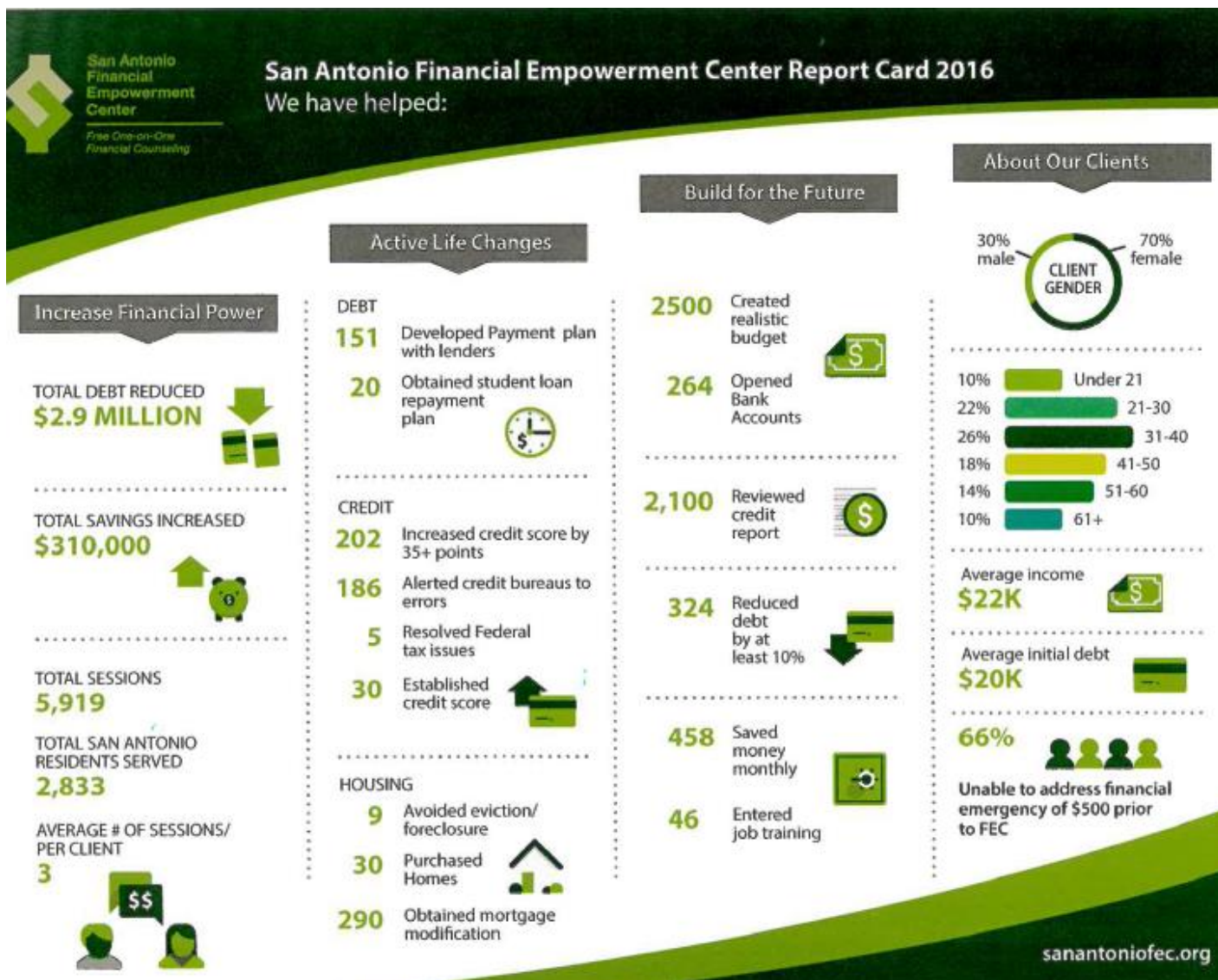
- "Eight Ways to Measure Financial Health" [CFSI May 2016](#)
- "Tracking success—a core set of financial outcomes for financial empowerment programs" [CFPB April 2017](#)

6 Case Studies

6.1 Integrating financial counselling in city programs in San Antonio, Texas,

Since 2008, the CFE Fund has been working with the City of San Antonio, currently led by Mayor Ivy Taylor; San Antonio is a founding member of the CFE Coalition.

San Antonio Financial Empowerment Centres (FEC) are located within four public libraries. FEC services are also available at two community centres. In 2016, San Antonio began training municipal employees to become certified financial counsellors and provide 1:1 financial counselling to low-income families through the City's Dept. of Health Services *Head Start* program. *Head Start* services include basic income assistance, i.e. rental and utility assistance, and long-term case management. Also in 2016, San Antonio entered into a Memorandum of Understanding with San Antonio College whereby city financial counsellors are offering weekly FEC services to students. Additional city staff were trained in 2017 to provide financial counselling within a newly opened education training centre in a priority neighbourhood. <http://sanantoniofec.org/>



6.2 Learning from frontline federal workers at DHHS

A U.S. leader in financial coach training, The Prosperity Agenda (TPA) was recently engaged by the Department of Health and Human Services (DHHS) to train then provide follow up mentoring to frontline employment workers as they began discussing financial topics in their client sessions.

Trainers found that coaching skills were as important as financial topics in terms of what workers needed. In addition, TPA designed and delivered an innovative mentorship program to support the newly trained frontline workers as they handled money conversations. Important elements included 1:1 mentoring, group discussions involving management and resources to handle technical topics outside the workers area of knowledge.



6.3 Durham Region, Ontario

The Region of Durham has established a multi-divisional workgroup to explore financial empowerment strategies for the region. The Income and Employment Supports Division has created a *Benefits Tool* which they are currently piloting with frontline caseworkers and clients in the Ontario Works program. The tool is intended to identify benefits for which clients may be eligible but are not receiving. The Region's Health Division is also creating an intervention tool around income as a social determinant of health.



6.4 Edmonton Financial Pathways Collaborative



The Financial Pathways Collaborative is a group of Edmonton-based organizations focused on helping individuals and families build lives of financial stability and independence. With participation by eight financial institutions, United Way, E4C and the City of Edmonton, the partners deliver programs that advance financial education, access to mainstream services and connections to benefits and subsidies. The Financial Pathways Collaborative supports:

- [Make Tax Time Pay](#) - a program that operates at multiple tax sites throughout the region, providing free income tax review services to ensure people living in low income are accessing available government benefits and subsidies.
- [Each One, Teach One](#) - a program that develops staff from financial institutions into financial literacy trainers to help people living on low income increase their understanding and ability to manage their finances.

Members of the collaborative, End Poverty Edmonton and staff at the city have been discussing ways to deliver financial empowerment services through provincial community development programming. In addition, a Benefits Navigator tool is in development by one of the partners to improve uptake in benefits.

6.5 Manitoba Financial Empowerment Network (MFEN)

Manitoba Financial Empowerment Network (MFEN) led by SEED Winnipeg Inc. and Community Financial Counselling Services (CFCSS) works to connect across government agencies, NGOs, non-profits and academia to coordinate efforts around issues and opportunities related to financial empowerment. The Network is currently developing year round tax clinics and expanding the capability of volunteers at Community Volunteer Income Tax Program (CVITP) clinics to help people access benefits outside the tax system.



The *Get Your Benefits!* campaign was started by a coalition of healthcare providers, researchers, community agencies and non-profit organizations based in Manitoba who aim to treat poverty to improve the health and well-being of Manitoba families. This plain language booklet lists federal, provincial and regional benefits and programs for individuals and families living on low incomes in Manitoba. www.getyourbenefits.ca