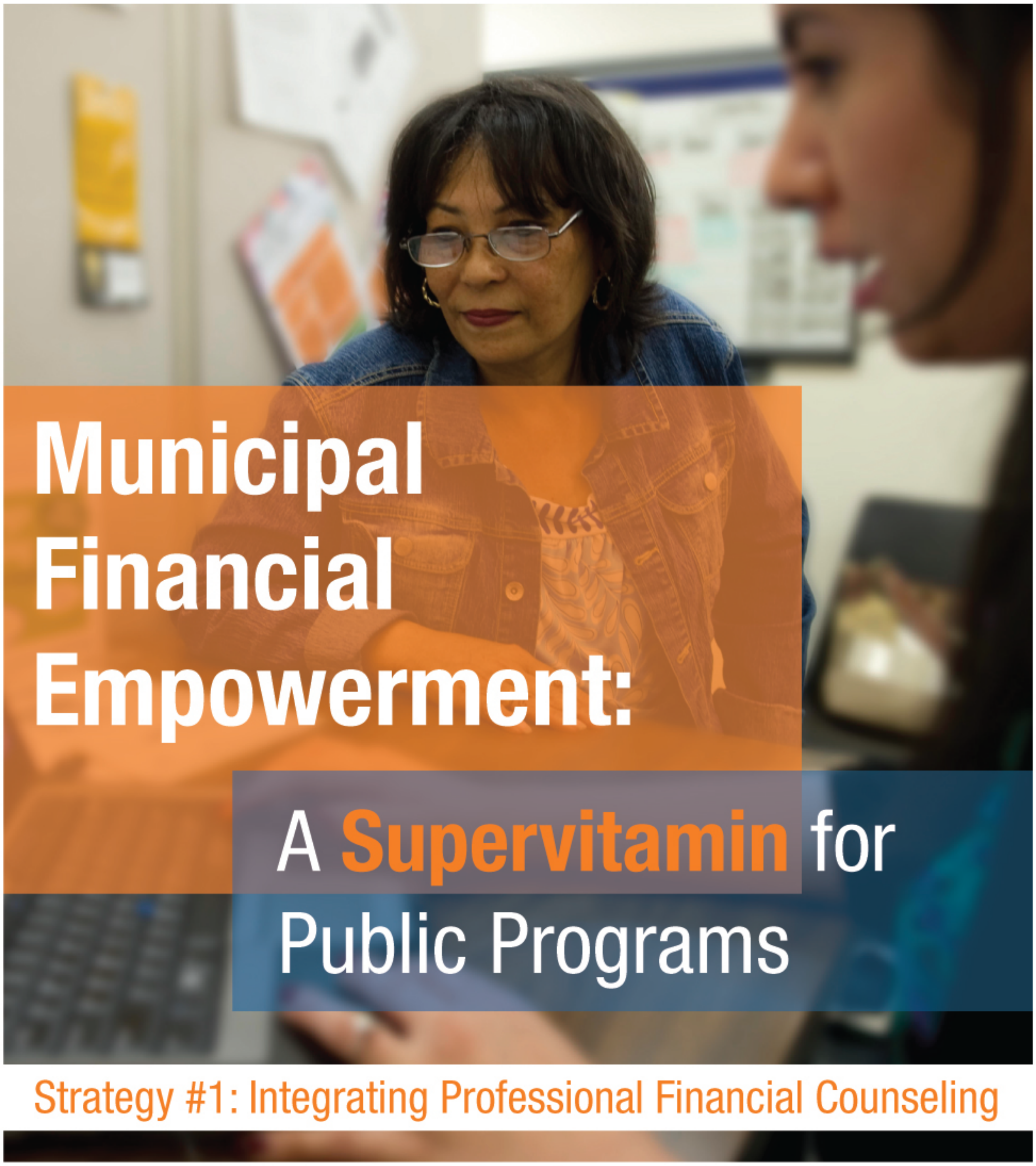

Municipal Financial Empowerment:

A Supervitamin for Public Programs

Strategy #1: Integrating Professional Financial Counseling

NYC™

Michael R. Bloomberg
Mayor

Department of Consumer Affairs
Office of Financial Empowerment

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Commissioner

Acknowledgments

As part of Mayor Michael R. Bloomberg's antipoverty efforts, the Center for Economic Opportunity (CEO), led by Deputy Mayor Linda I. Gibbs and Executive Director Veronica M. White, has consistently encouraged the Department of Consumer Affairs and its Office of Financial Empowerment (OFE) to be bold and far-reaching in its programs and services for New Yorkers with low incomes in the financial services marketplace. The initiatives described in this report would not have been possible without CEO's leadership and guidance, along with the encouragement and support of First Deputy Mayor Patricia E. Harris and Counselor to the Mayor Anthony Crowell.

OFE's pilot programs were made possible by the generous support of the Mayor's Fund to Advance New York City. While individual funders are too numerous to name, the Department would like to recognize its largest supporters: Citi and New York State Homes and Community Renewal. In addition, OFE relies on community-based organizations to implement its programs and services and wishes to acknowledge the dedicated staff at Bedford Stuyvesant Restoration Corporation, Credit Where Credit Is Due, Phipps Community Development Corporation, and The Financial Clinic. The Department also thanks its partners in City government whose work is featured so prominently throughout this report, including the Departments of Homeless Services, Housing Preservation and Development, Parks & Recreation, Probation, and Small Business Services, as well as the Center for Court Innovation, the Center for New York City Neighborhoods, the Human Resources Administration, the Mayor's Office to Combat Domestic Violence, and the New York City Housing Authority. Finally, the Department acknowledges the members of OFE's Advisory Council for their wisdom and helpful guidance.

The Department recognizes the tremendous accomplishments of each staff member who contributed to this report: Cathie Mahon, Deputy Commissioner for Financial Empowerment; Heather Doherty, Senior Program Officer for Financial Education and an author of this report; I-Hsing Sun, Director of Programs; Amelia Erwitt, Assistant Commissioner for Financial Empowerment; and Mitchell Kent, Director of Legislative Policy and Special Counsel, who oversaw preparation of this report. In addition, the Department thanks Debra Halpin, Assistant Commissioner for Creative Services, and Nicole Phipps, Content Manager, for editorial, design, and production work.

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Introduction: Financial Empowerment as a Supervitamin for Public Programs

At a time of both shrinking government budgets and increasing caseloads, less public funding will mean less service and worse outcomes … *in the absence of innovation*.

This report, which documents how New York City introduced professional financial counseling into key City services, is the first in a series that build the case for fully integrating financial empowerment and asset building strategies into core social service delivery to achieve better outcomes, potentially with less investment.

The rapidly emerging field of municipal financial empowerment has already produced compelling evidence that the innovative strategies being used nationwide to improve residents' financial stability have this "supervitamin" effect when inserted into traditional social services. Those receiving homeless prevention or workforce development services, for example, achieve better and quicker results when financial empowerment programming is woven into the delivery of the primary social service.

This should come as no surprise to those in the social service field, since underlying financial instability is often the primary backdrop, if not the actual presenting cause, for those receiving services. From their mission perspective, helping these individuals and families become more financially capable and stable facilitates better success with their presenting social service needs, as well as the longer-lasting sustainability with those successes given the cushion to withstand future income shocks without losing ground.

An investment in quality financial empowerment strategies and the mandate to integrate them effectively will pay greater dividends in more cost-effective service delivery, fundamentally improving mainstream social service programmatic outcomes while potentially saving money.

New York City and the Field of Municipal Financial Empowerment

In 2006, Mayor Michael R. Bloomberg launched the first Office of Financial Empowerment (OFE) within the Department of Consumer Affairs (DCA). OFE's mission is to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE uses financial empowerment strategies that focus on four pillars of work: providing professional financial education and counseling, connecting people to effective opportunities to begin building assets, helping people access safe and affordable banking opportunities, and employing targeted consumer protections to safeguard assets.

This unique approach to leveraging the powers and opportunities of municipal government in the field of asset building has been replicated in cities across the country through the Cities for Financial Empowerment (CFE) Coalition, launched in 2008 by Mayor Bloomberg and San Francisco's then-Mayor Gavin Newsom. CFE now includes 11 municipalities comprising over 18 million residents, each implementing a range of financial empowerment strategies through their mayoral administrations.

The Supervitamin Effect

In 1991, Michael Sherraden published a seminal book, *Assets and the Poor*, positing the importance of building assets while boosting income. Since then, asset building has emerged as a significant and innovative approach to moving people out of poverty to greater self-sufficiency by providing supports and services to help them keep more of their income to grow savings and assets. Although the field has expanded to incorporate thousands of savings, banking, and asset building efforts nationwide, to a large degree, it has remained a boutique industry within the broader social service and antipoverty programming in this country.

With the entrance of large municipal players into the field, there is an opportunity to integrate their strategies for financial stability into city services.

Financial stability is overall economic security that can sustain an individual or family for months and years, not just days and weeks. Income and income supports such as housing subsidies and public benefits are necessary but not sufficient for overall financial stability. A household also requires financial knowledge and access to affordable financial products and services to build cushions against financial shocks and downturns. Significant levels of debt work against financial stability. A helpful measure of financial security is the concept of "asset poverty," which is not having enough assets or net worth to survive for three months after an interruption of income. The Corporation for Enterprise Development's recent report, *Building Economic Security in America's Cities*, shows that asset poverty rates are much higher across the board than income poverty rates, suggesting that a focus on assets, rather than simply income, will yield more lasting impact. Moreover, there is an iterative quality to income and asset distress, with predatory businesses taking unfair and often illegal advantage of those desperate for quick solutions.

It is this platform of overall financial stability that boosts the effectiveness and improves the outcomes of the delivery of traditional social service programming—the supervitamin effect.

1. Just as complete nutrition is the first step to good health, a stable financial foundation is a fundamental step to fighting poverty, allowing individuals and families to more fully benefit from programs and services designed to help them improve employment prospects, avoid eviction or homelessness, or establish safe homes after facing a situation of domestic violence, to name just a few of many such examples.

2. Just as physical health helps fight off illnesses, financial stability helps families and individuals **withstand financial shocks** and setbacks. As much progress as a social service intervention might accomplish, gains can be easily lost when foundational financial stability falters. Such subsequent faltering not only undoes the progress achieved, but then occasions an additional investment to begin again. The inability to afford car repair, for example, could mean the inability to show up for a new job.

3. Just as certain vitamins are beneficial at varying stages of development, financial empowerment strategies can and should be adapted to **serve unique client needs at important transition points**. For some, financial empowerment groundwork can help a social service program to succeed, such as cleaning up and improving credit scores before applying for housing, employment, or a loan modification. For others, subsequent safe banking opportunities can help the newly employed make optimum use of new and regular income streams, as another example.

Demonstrably successful financial empowerment strategies are being implemented, and increasingly integrated, at large scale in New York City, San Francisco, San Antonio, Seattle, and other leading municipalities, yielding significant results and lessons learned on the opportunities and challenges of this "supervitamin" approach. The time has now come to act at state and federal levels.

I. Integrating Professional Financial Counseling in New York City

This report documents the approaches New York City has taken to develop one-on-one professional financial counseling and embed it within social service delivery systems.

Professionalizing the Field

Getting Started with Integration

Integrating financial counseling into core City service delivery systems creates robust and comprehensive support to New Yorkers with low incomes struggling to make ends meet, but only if those counseling services are of demonstrably high quality. In the past three years, New York City has effectively integrated professional financial counseling into several types of social services, including homeless prevention, workforce development, domestic violence interventions, adult education, welfare to work, community courts, and more. Despite the variety of services, the delivery models are generally either through a large City agency or through community-based organizations with significant ties to local residents.

To develop a professional, consistent service model, the first step is to establish standards, expectations, and rigorous measurement and evaluation systems, as well as a training and certification process for the new cohort of professional and skilled staff.

Overview of the Model, Standards, and Expectations

Before integrating financial counseling with other services, there must be a common definition and understanding of what constitutes financial counseling, service level standards, and outcomes and success measures for evaluation. Setting consistent goals and service level expectations distinguishes financial counseling work and ensures impact measurement.

For example, New York City's definition of financial counseling is to convey personalized—not general educational—information to directly and measurably improve a client's unique financial situation. The model relies on a comprehensive financial health assessment that financial counselors complete with each client in order to understand their unique needs and current financial condition. This allows counselors to develop a customized service plan to help clients achieve milestones along their path to achieving their financial goals and, ultimately, their goals for their individual or family stability. Outlining a clear path and timeline to reaching personal goals encourages clients to return and to see the progress they are making over time toward their goals. Expectations for client service levels and outcomes (to reduce debt, improve credit, increase savings, etc.) also provide consistent standards and guidance for financial counselors and for integration partners as well as clients.

Establishing Certified Training Program for Counselors

The financial education field has traditionally had relatively low barriers for providers to offer the service and limited standards for qualification. The availability of substantive financial education curricula has made it rather easy and low cost for nonprofit organizations to offer general classes and workshops. Wanting to tweak messages to their communities or target populations, many service providers have admirably taken on the task of customizing curricula for their own financial literacy programs by leveraging any existing staff knowledge or experience. Understandably, this has led to a field where content, expertise, and knowledge transfer can vary widely between and even within the same organizations. Reliable, general information is not enough to help guide participants through complex financial decisions or challenges. Setting a rigorous high standard generates client and partner confidence as well as the support of professionals in the field. Establishing an academic partnership offers consistent and complete training to ensure that there is a professional foundation for service providers.

OFE piloted and then rapidly expanded our Financial Empowerment Center initiative with a clear model in mind: free, one-on-one, professional, and individualized financial counseling. We selected as partners nonprofit providers with experience delivering financial education and counseling, a knowledge of the community, and a commitment to managing and tracking quality and impact.

In order to ensure the quality and consistency of services at the different Financial Empowerment Centers, we developed a formal training program in Financial Education and Counseling in partnership with the City University of New York (CUNY) in 2009. This program has been delivered at no cost to community members on a semiannual basis. As a measure of its rigor, CUNY now widely markets this professional training as a full-semester 3-credit course within its School of Professional Studies.

Spotlight: Personal and Consumer Finance Course for Providers

The City requires all Financial Empowerment Center counselors to take and pass CUNY's "Personal and Consumer Finance" course, which is well attended by other nonprofit financial education providers and, more recently, staff in social service organizations serving youth, immigrants, and low-income adult populations. Class sessions cover a range of topics, including: how and why to take control of one's financial life; banking and money management; smart use of credit; debt, bankruptcy, and identity theft; consumer protections and regulations in New York City; investments and future planning; homeownership and foreclosure prevention; benefits and insurance; negotiation principles; counseling techniques; communications principles and making strategic referrals.

Material is intended for inclusion in counseling and educational sessions. Participants are assessed twice during the course to gauge their mastery of the content. They also role-play and complete homework assignments to reinforce the content and techniques they learn each class.

Evaluation and Performance Tracking

The Financial Empowerment Center initiative is rigorously evaluated using an outcome-driven client management system that tracks numerous data points for clients based on customized service plans suited to their particular needs.

Codifying definitions of success for each service not only provides a consistent and professional standard but also enables integration partners to incorporate services into their existing program goals and measures. The Financial Empowerment Centers focus on outcomes where clients achieve specific numerical increases in the following measures of financial stability:

- ❑ Banking and Financial Services Access and Affordability: Open a bank account and/or reduce spending on transactional financial services
- ❑ Improved Budgeting and Money Management: Increase income-to-expense ratio
- ❑ Improved Credit History and Access: Establish credit history or improve credit score
- ❑ Debt Reduction: Reduce debt and/or improve debt-to-income ratio
- ❑ Establish or Increase Savings: Increase savings by a percentage of income

Implementation: Integrating with Human and Social Services

Organizational Planning: Identifying and Building Successful Partnerships

After establishing a standardized counseling model with professional training and rigorous measurement and evaluation criteria, the next step is to identify and carefully select appropriate partners for the successful integration of financial counseling with other services. There are several essential qualities to a successful integration partnership.

Aligning Overall Goals and Performance Measures

Organizations with connected client goals and measures make ideal partners. Improved outcomes for both services are easier to measure and identify by using financial counseling as a tool to achieve joint objectives.

> *It is impossible to put a price on the value of teaching financial literacy to newly employed individuals. By providing information about using work supports and demystifying banking and personal budgeting, people build confidence and can imagine using these practices in their own lives, which serves as both a motivator and a plan to economic self-sufficiency, ensuring continued employment.*
>
> – Liza Ehrlich, Chief, Parks Opportunity Program

Organizational philosophy and culture are important factors in the successful integration of financial counseling into service delivery. Integration requires that partners have mutually agreed upon, identifiable needs and goals that will be met, or an interest and commitment to model experimentation.

Aligning goals and expected outcomes must occur on multiple levels: at the leadership level, the program management level, and among the frontline workers. The "buy-in" of agency leadership is key, though alone will not produce ideal partnerships. Leaders can identify and leverage the potential touchpoints (or areas of client contact) that offer the most synergy, as well as convene a dynamic team of program managers to begin sketching out how the financial counseling could best be integrated. Once convened, these program managers should be engaged to brainstorm opportunities to design integration points that will enable the counseling to meet existing organizational or client needs, address current challenges that may be resolved with additional support from financial counselors, or help to establish new goals for the clients or programs. Program managers can also be engaged to consider resource flows and needs within a given program.

Frontline staff must also be engaged in the integration approach, not only to provide feedback about how financial counseling can best meet their existing client needs, but also to ensure they see the value of financial counseling services to support their clients, are empowered to make good client referrals, and identify additional touchpoints for integration. Several ways to accomplish this include encouraging all staff to meet with a financial counselor themselves, hosting financial empowerment workshops to provide an overview of the issues to be dealt with in a counseling session, and organizing regular meetings among financial counselors and other staff. For agencies with strong synergies to financial empowerment, staff members may even be encouraged to participate in substantive trainings such as financial counseling training.

For genuine integration, one-on-one financial counseling must be distinct from either existing services or organizational aspirations. If services are perceived as additional resources the organization would prefer to have in-house, then integration will likely be stunted. If organizations perceive financial counseling to be an infringement on their services or they would prefer to manage financial counseling services themselves, then staff and managers may have misaligned incentives. Partners may believe their clients need the service, but may hesitate to make referrals because they want to show they are already providing sufficient financial guidance. If partner staff know their management would prefer services be provided in-house, they may be reluctant to refer. On the other hand, when services are distinct but complementary to those at the partner organization, integration is both natural and sustainable.

Lessons Learned

You can overcome difficulty aligning goals or touchpoints for integration by conducting interviews with staff as well as by encouraging staff to use the financial counseling service.

Example

➤ Job retention is a goal for most workforce development providers. Discussions with staff identified a simple retention barrier: participants run out of money for subway fare to get to work.

☛ **Solution:** Financial counseling could help clients save, even a small amount, to purchase subway fare to prevent missing work and a loss of earnings or employment.

Linking Financial Outcomes to Program or Client Needs

Determining the impact that each financial goal can have in a client's life makes it easier to identify how enhanced financial stability can lead to improved outcomes for other social services. Social service managers and staff are often on the front lines when financial challenges block their client's success. When a client is turned down for a job placement due to a low credit score or denied a mortgage modification due to high consumer debt, it inhibits service providers from reaching their ultimate outcome of helping clients find job placements or affordable housing. Overcoming these financial obstacles can open the pathway for counselors to help clients with other personal needs and goals.

Interviews with frontline staff over the years have uncovered numerous client needs translating into programmatic goals that financial counseling outcomes can help achieve. Table 1 (page 13) provides some examples of client needs (and social service goals) that have been identified. These goals may be accomplished with the support of complementary financial counseling outcomes both co-located and truly integrated within service models.

> *"When clients are trying to qualify for mortgage assistance, getting help to reduce their other debts and create a sustainable budget can make the difference in being approved or not."*
>
> – Matt Hassett, Program Manager, Mortgage Assistance Program

Lessons Learned

Client outcome measurement matters, and it is important to align the outcomes being measured not only with the partner organization but also with realistic time horizons.

Example

➤ Foreclosure prevention efforts by housing counselors and legal services providers present an excellent opportunity for integrating financial counseling. The loan modification process, however, is generally slow and can be unpredictable. While going through the process, many homeowners struggling to afford their mortgages also have difficulty keeping up with payments on other debts and household expenses. In addition to being generally harmful to homeowners' financial stability, these problems can complicate eligibility for potential modifications should they become available.

☛ **Alternative:** Integrate professional financial counseling into targeted homeownership programs that have specific financial requirements, such as a maximum debt-to-income ratio, and short time horizons so that financial counselors can have a measurable impact. For example, New York City's Mortgage Assistance Program (MAP) provides loans that help homeowners achieve mortgage workouts. Potential MAP clients who would not otherwise have qualified due to their consumer debt and/or household budget were referred for financial counseling with clear expectations and defined time horizons.

Program Planning

Client Touchpoints for Integration

Another key consideration is selecting the right integration points to introduce financial counseling. It is important to select the most beneficial points within the suite of services to add financial counseling—often when participants are able to see the added benefit of counseling, and not the actual moment of crisis when it is unlikely that a client can meaningfully and productively engage in appropriate steps.

Successful Integration Points

Within large social service agencies or organizations, there may exist multiple opportunities to incorporate additional services, some more productive than others. Selecting successful integration points depends on finding the right moments of transition and introducing financial counseling to complement the experience of the client in engaging with the system.

Examples of transition points include prisoner reentry, exiting an abusive relationship, and reentering the workforce after a period of unemployment, just to name a few. It is important to note that the integration of financial counseling services must build on the needs of clients' particular life transition point—living freely after a period of incarceration, self-sufficiency, and managing new income, to continue the examples taken above.

In finding successful integration points within a life transition, it is very important to remember that financial counseling is best incorporated before an urgent need or crisis occurs or after the client has started to receive assistance. Attempting to deliver financial counseling *during* a crisis or urgent need will yield minimal results and likely will frustrate all involved because financial knowledge simply is not the highest priority need during crisis. In addition, interviews with program managers and frontline staff can yield significant guidance on where and how clients will be best positioned to benefit from counseling.

See Table 1 (page 13) for examples of relevant touchpoints, needs, and outcomes from both the client and social service perspectives.

Lessons Learned

Insert financial counseling when clients will be able to focus on the intervention, not in a moment of immediate crisis.

➤ Integrating financial counseling into services for people at risk of eviction can be especially challenging if it occurs at a moment of crisis, such as at the housing court on the day of a judge's decision to evict a resident. Most clients may be preoccupied with their immediate, urgent housing need and are not likely to be interested in focusing on financial counseling.

☛ **Alternative:** Working with clients who are seeking to prevent eviction by applying for emergency assistance grants can be days or weeks before a potential eviction. At this pre-crisis moment, it can be easier for clients to take important steps toward managing their finances by meeting with a counselor.

Interrupting access to other services is not sensitive to client needs and experience and is not an effective integration. New integrated services should be introduced at a time when participants are able to understand the added value of the service in helping them achieve their personal goals.

➤ Individuals interviewing for job placement programs or enrolling in benefits programs are often orienting themselves to a multitude of new services and are focused on accessing the primary service need. Introducing an additional service at this point can be perceived as a "bait and switch" rather than a complementary service to help achieve their other goals. Once participants are oriented to the primary program or service, it is easier for them to see the linkages between their primary goal (i.e., getting a job) and how financial counseling can help them achieve it.

☛ **Alternative:** Worksite training during work hours in the context of a career training opportunity provides a secure moment when participants are focused on improving their skills, professional marketability, and removing barriers to job placement (such as a poor credit score or inability to save funds for emergency needs).

Client Needs and Customization

Once a partner social service agency has been identified, goals aligned, client needs identified, and integration touchpoints selected, it is essential to reflect on the varied needs of client groups. Especially when working with diverse social services, customization of services to match client type is important when preparing staff—both financial counselors and frontline referring staff—and outreach and communication strategies.

The financial counseling model is based on a comprehensive financial health assessment that counselors complete with each client to better understand the scope of their individual financial needs and goals. By understanding a client's unique financial circumstances and broader goals, counselors can tailor their service plans, as well as the right financial milestones to outline for each client. For example, if a client is seeking an apartment but doesn't have enough savings for a deposit or a strong enough credit history for landlord approval, financial counselors will help create a realistic savings plan and identify ways to improve credit such as establishing a credit line, or paying bills on time and paying down debt. This model allows financial education to go far beyond general information and help individuals incorporate financial management into their daily lives as a tool for achieving their goals and growing their assets in the long term.

In working closely with the City's Department of Homeless Services (DHS), which provides shelter for more than 37,000 people each night, we identified both client needs and opportunities for financial counseling interventions. For example, employed but recently evicted individuals have very different needs and interests in financial counseling than chronically homeless and unemployed individuals. Tailoring both the counseling experience and program outcome to the target population helps to set expectations appropriately.

Table 1. Social Service / Financial Counseling – Integration

Client Type	Client Needs	Financial Outcomes	Touchpoint
Workforce Development or Back-to-Work	• Employer credit screening for job applicants • Eliminate fear (or reality) of fund seizures or wage garnishment • Withstand financial emergencies and stay on track with career goals • Avoid high-cost predatory lending and save on financial transactions • End debt collection harassment to improve job productivity and retention	• Improve credit history and score • Reduce debt • Improve money management, budgeting, and income/expense ratio • Save for emergencies • Safe banking • Eliminate debt collection	• Job-readiness and career training • GED or Literacy classes • Resume and interview workshops • On-boarding with job placement • Exit interviews from job placement programs
Foreclosure Clients	• Create comprehensive realistic budget • Address outstanding consumer debt • Eliminate as much consumer debt as possible • Save on financial transactions • Negotiate debt settlement/debt consolidation plan	• Improve money management • Cut down on expenses and increase available income • Reduce debt • Improve income/expense ratio • Improve credit report, credit score	• Homeownership organizations • Credit workshops and fairs • Foreclosure counselors or lenders
Homeless Prevention Clients	• Open affordable banking account • Savings goal for a deposit • Reduce debt or establish credit • Benefits screening • Avoid high-cost predatory lending	• Safe banking • Improve money management • Reduce debt • Improve credit history and score	• Shelter staff referrals • After moving out of shelter • Eviction prevention staff
Small Business Clients	• Create personal budget to separate from business finances • Avoid high-cost predatory lending and save on financial transactions • Create savings goal • Open affordable banking account • Eliminate consumer debt	• Improve money management, budgeting, and income/expense ratio • Save for emergencies • Qualify for business loan • Eliminate personal debt • Improve credit history and score • Safe banking	• Small business fairs • Business workshops • Small business lenders
Domestic Violence Survivors	• Open affordable banking account • Eliminate fear (or reality) of fund seizures or wage garnishment • Create realistic budget • Eliminate as much consumer debt as possible • Benefits screening	• Safe banking • Reduce debt and increase available income • Improve credit history and score	• Family justice centers and community organization referrals • Shelter staff referrals • Legal service referrals
Adult Education	• Open affordable banking account • Create realistic budget • Eliminate consumer debt • Employer credit screening for job applicants • End debt collection harassment • Benefits screening • Improve job productivity and retention	• Safe banking • Reduce debt and increase available income • Improve credit history and score • Improve money management • Negotiate with creditors/debt collection agencies	• Adult education program • English as a Second Language • GED or Literacy classes • Library or immigrant service organization • Workforce development programs
Reentry Clients	• Create realistic budget • Set up payment plan for child support arrears or court costs • Eliminate as much consumer debt as possible • Employer credit screening for job applicants • Housing credit screening for apartment seekers • Open affordable banking account	• Reduce debt and increase available income • Improve credit history and score • Improve money management • Safe banking	• Job-readiness and career training

> *We see a lot of people who could have avoided their housing crisis but had just mismanaged finances over time. With this help, they can avoid losing their housing and stay stably housed in the future.*
>
> – Sara Zuiderveen, Assistant Commissioner, Prevention Services, Department of Homeless Services

Aligning Capacity for Scale

While the asset building community has a lot to offer the social service world in terms of customized solutions and the impact of financial stability, there is a great deal to be learned from social service providers about effectively scaling services to large numbers of low-income populations. New York City social services reach tens of thousands of clients each day. Beyond the example of the City's DHS sheltering 37,000 people each night, some 44,000 people apply for Homelessness Diversion through Cash Advance assistance or Emergency Assistance (also known as "One Shot") annually, and the Parks Opportunity Program workforce training staffs 1,500-2,000 participants every year.

Effectively scaling services requires a focus on two parts: capacity and demand. In terms of capacity, you need a sufficient number of trained and professional financial counselors to provide services to interested clients.

In terms of client demand, you need social service delivery partners who will generate an appropriate flow of clients, considering the potential pool of clients and the likely take-up rate for services, as well as the timing and location of interaction with clients.

One question to consider at this point is whether the financial counseling will be required or strongly encouraged. A second question is whether to use hard or soft referrals. Hard referrals typically specify the need for counseling and number of visits along the lines of a doctor's referral and might even schedule an actual appointment, whereas in a soft referral you would merely provide a list of options, locations, and hours. If groups, classes, or workshops had been the prior model, adaptations will be needed to determine how to funnel groups into one-on-one meetings and smooth out client flow to meet the daily volume requirements of financial counseling.

Lessons Learned

➤ Hard referrals or actual on-site handoffs provide the greatest opportunity for success. Coordination will require clear and easy-to-follow protocols, materials, training, and support for frontline staff of the lead agency. Trial and error is often needed to figure out the best mechanism.

Putting this into practice, early planning conversations with prospective partners should cover the potential volume at each integration point, the partner caseload, and the capacity of financial counselors to meet this caseload, as well as the potential flow of clients. Will client flow be punctuated and periodic, or steady over time? Can the program provide sufficient client referrals and financial counselor time?

Finally, program administrators need to align these capacity and timing considerations for both initial piloting as well as full-scale rollout. These conversations present opportunities to explore whether additional resources exist to bring on new or additional counselors, and when and where to place resources and push client referrals.

Matching volume to service level is essential because these operations are often bound to provide all clients the same level of service. It is difficult for large operations to try to roll out a new program with only a small subset of their participants. This is particularly true of social services where equity and access must be equivalent across their delivery to participants.

Lessons Learned

If touchpoints and partner culture rely on large-scale events, try to identify smaller subsets for individualized services. When possible, larger groups should be broken down by type of client, as well as by each client's unique needs when financial counseling is introduced. Rather than announcing the services in a suite of activities, provide specific topics and issues and break out the client groups in advance or concurrently with the parallel events.

➤ Low-touch, high-volume activities such as large-scale events can be difficult to integrate with the one-on-one financial counseling model unless client groups and financial counseling interests are specifically addressed separately from the full-scale event.

☛ **Alternative:** Organizing mini-sessions and workshops on specific and client-focused topics can help bridge the transition in some cases.

➤ Certain programs may be lower-volume, such as domestic violence, and cannot allow for outside referrals on-site. Thus, matching regular hours and connection with services can be challenged by having insufficient volume to merit the counselor.

☛ Strong integration and hard referrals for a sufficient volume of clients can be achieved by having on-site staff responsible for scheduling financial counseling appointments and ensuring a full caseload for financial counselors.

Putting It All Together: Operationalizing the Integration

As with any new program or service, the next step after the planning and program design phase is to pilot, adapt, and bring to scale. Many lessons learned in the pilot phase will help you to adapt the model and make it more likely to succeed at scale. Evaluation and data tracking are helpful throughout this process to quantify the outcomes both for the clients and for the program. If clients are better able to move through the primary service they are receiving due to the financial intervention, you will be able to make a stronger case for allocating sufficient resources to maintain and grow the integration. Tweaking the model to make sure that you achieve not only volume but outcomes for clients will strengthen the case.

Lessons Learned

After the planning and program design phases, we began the implementation phase, keeping in mind that the number of clients served is not itself a proxy for success. Our goal became to find a model that ensured not only volume but outcomes for clients.

➤ High-volume partners may not be ideal partners unless their approach aligns easily with financial counseling outcomes or their operations can accommodate the one-on-one model.

➤ Identifying complementary goals, and touchpoints, and aligning implementation can turn a low-volume site into a successful site.

If the partner model serves large client volume, identifying relevant opportunities for financial counseling is the key to scaling.

➤ In large social service organizations client engagement may be high volume, longer term, and may include entitlements as well as additional supportive services. Working to incorporate new elements in large operations requires the development of specific mechanisms tailored to existing client flows.

☛ **Opportunity:** Develop a solid referral model with a focus on reaching interested frontline staff with additional services that complement access to entitlements. By training staff to make targeted referrals, integrated partnerships can leverage high-volume, low-touch models by identifying opportunities for higher touch with clients.

Piloting

Matching these large-scale service delivery mechanisms with individualized financial counseling resources can be achieved by piloting on a smaller scale and enlisting the support of a program liaison with deep understanding of on-site operations. Although seemingly counterintuitive, in some cases it can be more challenging for a large organization to separate a subgroup of their clients in order to manage a pilot program because it is operationally easier to roll out a program to an entire division or an organization believes that any services must be available to their entire client base to ensure equity. Outlining how and when new services will move from pilot to phase-in to full scale can alleviate unnecessary administrative burden on partners and the risk of over- or under- referrals to available financial counseling staff.

Re-evaluate and Adjust Referrals

In formalizing partnerships with some agencies, referral streams can be unpredictable and erratic, varying widely between a periodic extreme of highs and lows. It has become clear that to serve clients' needs fully, volume alignment is essential to scaling financial empowerment services. However, this does not mean that services must be at full capacity before integration can occur.

Once a successful pilot program has been launched, referral mechanisms must be re-evaluated at each level of scale. For example, what is effective in one office, where referrals can be made on-site, may need to be adjusted to account for multisite cross-referrals and different processes across multiple offices. If the pilot phase used a soft referral mechanism, once the program goes to scale there may be sufficient financial counseling capacity to make the new service a requirement by mandating participation.

Mandating Participation

Mandating participation in financial counseling can be an effective way to force appropriate integration with necessary interventions. However, it is essential that the design and timing allow for all clients to receive service without bottlenecks at various program points. In addition, mandated referrals must have exceptionally well-thought-out linkages to other client needs and program goals. Otherwise, the program risks client disengagement and potentially wasted time and resources for both the counselor and client.

For example, if a client has to meet a certain financial benchmark to remain qualified for another social service program (such as savings or debt levels to qualify for housing or loan assistance), then mandating becomes more relevant to the client and more measurable for the financial counselor.

Lessons Learned

When putting it all together—aligned goals, relevant touchpoints, and customization for client needs—the integration of financial counseling must be clearly communicated by the program design and messaging to clients.

➤ Working with community courts, we found that financial counseling has been more successful when offered as an alternative to something less desirable. The court offering financial counseling as an alternative to a fine for illegal vending, for example, led to client participation and successful engagement.

II. Case Study: Homeless Services

Early on, the opportunities for Homeless Services clients to connect to financial counseling were evident. New York City's DHS, in particular, had a strong interest at the top level to innovate on ways to reduce homelessness in New York City and move families into stable long-term housing. The potential impact and cost savings from uniting these interventions was also evident to high levels in the Mayor's office as well as within the programmatic and evaluation divisions at OFE and DHS.

Program Planning

Intensive work with middle management to insert proven financial counseling ensued: meetings with staff managing programs, review of maps, locations of mutual interest, guided linkages with some of their stronger providers, and connections to service providers in the field to identify programmatic alignment, client needs, and volume.

Two innovative programs for homeless prevention and rapid re-housing, Advantage and HomeBase, were identified to pilot the integration of financial counseling at scale due to their high-touch model and programmatic elements.

Pilot Implementation: On-Site Placement of Counselors

With the expansion of Financial Empowerment Center counseling in 2009, OFE and DHS identified several organizations that provide homeless prevention services as City contractors interested in housing on-site financial counselors. Financial counselors were placed in three different HomeBase offices, and services were made available to homeless prevention, diversion, and post-shelter clients (such as Work Advantage).

Touchpoints: Referrals and Requirements

DHS made financial education a standard part of its existing Work Advantage program model, a rental subsidy that helped employed shelter residents transition from temporary emergency shelter to subsidized rental housing. A financial education requirement was added for participants to be eligible for matching funds on their savings account, linking the matching funds to written certification signed by their financial counselor or workshop leader that confirmed they had participated in at least six hours of work together.

Early Results

Work Advantage clients who received financial counseling were more likely to save, to save more, and to achieve their incentive matching funds. Despite the discontinuation of the Advantage program (formerly Work Advantage) in 2011, the partnership has remained one of the most successful integration efforts.

Expansion—Next Steps

We are now in the process of working to establish full-scale integration, including staffing financial counselors based at nonprofit organizations near shelter sites to facilitate counseling to shelter clients, provide resources to shelter residents with Income Savings Requirement, and emergency assistance for families.

Lessons Learned

➤ **The right touchpoints are essential.** We initially piloted placing a financial counselor at a high-volume model office for shelter residents and job placement programs. This office serves thousands of clients who are completing requirements for shelter residence by enrolling in job placement and other supportive services. However, this multiservice office stimulated a low numbers of referrals. We discovered that clients spend many hours at the office and are not likely to stay for additional service. Additionally, because the client flow is already highly structured with color-coded offices and client files directing people to services, it was not the ideal location for staff to make referrals outside of this entrenched, prescriptive system.

☛ After we expanded the referral network for these providers to include any of the Financial Empowerment Centers Citywide, we saw an immediate increase in referrals. Clients were able to engage with the financial counselor when they could make the appointment at a time and location that was more convenient for them.

➤ **Customize the appropriate process for clients and service providers.** In our initial integration mandating financial education to trigger a new savings match program, the program was too new to specify the point in the process when the financial counseling needed to occur as part of integration design. As the integrated program rolled out, we found a bottleneck when many participants attempted to complete their required counseling hours at the end of the program. Aside from the bottleneck, the timing was a missed opportunity as ideally the integration of counseling would have occurred earlier on in the flow of the primary service, so the financial counselors could have actually assisted with the savings and banking process, rather than advising after the fact. Once discovered, this process was able to be modified accordingly.

III. What's Next

Sustainability: Evaluating Results across Multiple Program Goals and Desired Outcomes

While we know from our existing partnerships that other social services are indeed benefiting from the supervitamin effect of financial counseling as clients experience the alleviation of financial symptoms that hinder their work, we have yet to fully quantify the impact on client and program goals and the cost savings to the City. Support for the supervitamin approach should fund demonstrations of improved outcomes across multiple interventions through data analysis and streamlining measures.

Coordinating data across systems and agencies in order to compare client stability measures with program outcomes and cost reductions is the next phase of this work. Large-scale ramp-up of the approach New York City is taking is possible with careful data-file matching of the metrics captured in financial counseling, such as individual credit scores, personal debt reduction, and savings, with the outcomes sought by the traditional antipoverty interventions.

Knowledge Transfer: Professionalizing the Field at Scale

The road ahead also requires investments in financial empowerment training for a multitude of service providers, from social workers to public benefits caseworkers, to income tax preparers, and many others delivering critical social services. In this respect, significant private and public funders of social services can insist upon meaningful integration of financial empowerment "supervitamins" into funded work to achieve these enhanced outcomes. For example, the Financial Literacy and Education Commission (FLEC) holds tremendous potential. This amalgamation of federal agencies, which is chaired by the Secretary of the Treasury and made up of the heads of 20 additional federal agencies, has developed a National Strategy for Financial Capability, and it has rolled out a set of core competencies. Beyond expanding financial knowledge, FLEC members could formally pledge to identify opportunities for structural integration of financial counseling within federal programs in the same way New York City has in local programs.

Particularly in times of significant need, such promising innovative approaches, designed for scale, could represent the next generation of smarter and more effective work in the broad spectrum of social service delivery.