

SCALING  
FINANCIAL  
COACHING:  
CRITICAL  
LESSONS AND  
EFFECTIVE  
PRACTICES



Citi Foundation  


Working Together for Strong Communities

  
AMERICA

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### **Citi Foundation**

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The Citi Foundation is committed to the economic empowerment and financial inclusion of low- to moderate-income individuals and families in the communities where we work so that they can improve their standard of living. Globally, the Citi Foundation targets its strategic giving to priority focus areas: Microfinance, Enterprise Development, College Success, and Financial Capability and Asset Building. In the United States, the Citi Foundation also supports Neighborhood Revitalization programs. The Citi Foundation works with its partners in Microfinance, Enterprise Development, and Neighborhood Revitalization to support environmental programs and innovations.

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Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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The Financial Capability Demonstration Project was planned and implemented by a cross divisional team from NeighborWorks® America, a Congressionally-chartered nonprofit organization, that is a national leader in affordable housing and community development. For 35 years, NeighborWorks America has worked to create opportunities for low- and moderate-income people to live in affordable homes in safe, sustainable neighborhoods.

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Success Measures® is a social enterprise at NeighborWorks® America specializing in participatory evaluation that offers technical assistance, technology support and a suite of collaboratively-designed and tested outcome measurement tools to assist nonprofits in measuring program impacts.

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# SCALING FINANCIAL COACHING: CRITICAL LESSONS AND EFFECTIVE PRACTICES

## Preface

The Great Recession brought the lack of basic financial know-how among many U.S. households into sharp focus, especially in low-wealth communities. The difficult combination of depleted or nonexistent savings, high-cost credit, and ballooning consumer debt became an all-too-familiar cause of financial distress for vulnerable individuals and families. Responding to the growing complexity in the financial services industry, community-based organizations recognized the need to expand and re-frame the financial capability programs offered to their clients. In a relatively short amount of time — and largely as a result of better coordinated efforts among nonprofits, funders, financial institutions, and regulators — a basic level of financial capability is now viewed as an essential pre-requisite for consumers to effectively participate in the economic mainstream.

Against this backdrop, the Citi Foundation's investment in the Financial Capability Demonstration Project has been especially timely. This initiative, launched in partnership with NeighborWorks® America in 2010, was driven by the belief that individuals can make greater progress toward achieving self-defined financial goals through coaching that links and leverages the knowledge and skills gained through other programs that work to enhance financial capability. The project's goals were to expand and strengthen financial capability programs for low- and moderate-income individuals by increasing the capacity of nonprofits to deliver effective financial coaching services and integrate financial coaching into a broad range of programs aimed at enhancing economically vulnerable consumers' financial security. It was strategically designed to leverage the field-building roles that NeighborWorks America plays within the affordable housing and community development sectors by enhancing the national training, technical assistance, and evaluation infrastructure available to nonprofits interested in developing or enhancing financial coaching and capability programming.

This report attempts to capture the energy and dynamic learning that took place by providing financial capability training for over 1,500 practitioners and by supporting 30 leading nonprofits in a learning cohort focused on developing and assessing financial coaching programs. The report's analysis centers primarily on the learning cohort's experiences, emerging best practices, and client-level outcome data. The practitioner experience deepened field-level understanding of what it realistically takes for organizations to successfully deliver and evaluate financial coaching and capability programs — in terms of program models, coaching skills, client readiness, and required time and resources. The client-level evaluation data from the learning cohort's financial coaching programs shows promising evidence that coaching can help consumers adopt new financial attitudes and behaviors that lead to improved financial well-being. A comparison of clients' financial status at the start of coaching with their status after they were in a coaching relationship revealed a substantial positive impact. These results re-affirm the underlying premise that financial coaching represents a different approach to clients and program delivery than is found in traditional financial education classes or housing, foreclosure intervention, or credit counseling, and that embedding financial coaching holistically into a broad array of services can enhance financial security.

The vision and support of the Citi Foundation have been central in helping NeighborWorks America launch and implement this initiative. The Citi Foundation and Citi Community Development staff played key roles in advancing the project. Moreover, the hundreds of practitioners who took advantage of the project's offerings have not only added to their own knowledge base, but also have integrated new approaches for better serving their clients, embraced a peer learning model, and shared openly with their colleagues across the country to advance the financial capability field.



# I. Financial Capability Demonstration Project Overview

In 2010 the Citi Foundation initiated a major partnership with NeighborWorks® America designed to expand the scope and scale of financial capability programs that support low- and moderate-income individuals and families. This \$5 million, 2.5 year initiative drew on the nationally recognized expertise of NeighborWorks America's training, technical assistance and evaluation offerings including the NeighborWorks Center for Homeownership Education and Counseling (NCHEC), NeighborWorks Training Institute (NTI), Success Measures®, and NeighborWorks National Homeownership Programs.

## Project Goals

The key goals of the field-building Financial Capability Demonstration Project were to:

- Deepen understanding of how to establish and sustain a range of effective financial capability and coaching programs for low- and moderate-income consumers.
- Ensure that financial capability programs more effectively turn consumers' knowledge into sustainable action over the course of their financial lives.
- Showcase promising financial coaching delivery and program models that are effective in supporting consumers in developing financial behaviors, attitudes, and practices needed to reach self-defined financial goals.
- Provide nonprofit organizations with the tools and resources required to incorporate ongoing outcome measurement into their financial capability programs and evaluate their effectiveness over time.

In the context of this project, the term *financial capability* refers to programs and a framing of issues which move beyond providing basic financial information and education, to multidimensional approaches that support adoption of new behaviors that individuals can use to make sound financial decisions, thus helping to build and preserve their assets over time. *Financial coaching* is defined as a service geared to helping consumers focus on changing financial behaviors to achieve self-defined goals. Coaching is differentiated from financial counseling which provides specific guidance to resolve a defined event or problem.

## Project Design

To achieve these goals, the Citi Foundation/NeighborWorks America partnership invested in course development and training deployment through the NeighborWorks Training Institutes and regional training events, to build out the national infrastructure necessary to scale the financial coaching field. Specifically, the project supported development of, and broad access to, training courses for nonprofit practitioners to enhance their knowledge and skills in creating, delivering, and sustaining effective financial capability and financial coaching programs. In addition, over a two year period, the partnership provided grant support and an integrated set of training, technical assistance, peer learning, and evaluation services to a learning cohort of 30 nonprofit organizations that were initiating new, or scaling existing, financial coaching programs. By supporting and linking these high performing organizations, the project demonstrated and shared emerging and effective practices across a broad range of nonprofits and worked to help them address the challenges they faced in implementing financial coaching.

The organizations in the project's learning cohort represented a cross-section of leading nonprofits working in the financial capability field that met the following selection criteria:

- Commitment to strengthening an existing financial coaching program or plans to establish a financial coaching component as part of the organization's financial capability programming.
- Demonstrated history of training and professional development for staff.
- Willingness to undertake outcome evaluation as part of program implementation.
- Strong organizational and staff capacity.

The selected organizations were geographically diverse, representing 17 states and 24 communities across the country. They varied in terms of staff size and annual operating budget, the populations that they served, and the types of services offered. Of the 30 organizations selected,



11 were members of the national NeighborWorks Network<sup>1</sup>, organizations that provide a range of affordable housing and community development programs, including homeownership and foreclosure counseling services. The other 19 members of the learning cohort were organizations that provide a wide array of financial capability programming, including small business lending, credit counseling, and Individual Development Account (IDA) matched savings programs, as well as employment assistance and traditional financial education. For the complete list of cohort organizations, see page 38 in Appendix.

## Project Delivery

Over the course of two years, each of the 30 organizations in the learning cohort was provided with comprehensive program supports, including in-depth training opportunities, tools, resources, and technical assistance on both organizational/programmatic issues and evaluation implementation. These opportunities helped each organization focus on building and expanding its financial capability programming. Dedicated technical assistance was provided to support program design and implementation efforts. Additionally, each organization received technical assistance to plan and implement an outcome-focused evaluation of its financial coaching programs, including access to the Success Measures Data System (SMDS) and the suite of financial capability data collection instruments it hosts. Finally, the organizations received pass-through grants which partially supported financial coaching programming.

The demonstration project was implemented through the following strategies:

### Scaling the Training Infrastructure to Build Financial Coaching Capacity

NeighborWorks America's Center for Homeownership Education and Counseling developed two new courses aimed at building new practitioner skills and increasing the scope and impact of financial capability programming nationwide.

These included:

- *Delivering Effective Financial Education for Today's Consumer*: A three-day course which addresses the fundamental components for successfully delivering a well-designed financial education program, starting with group education and the primary ways consumers behave with their money: visioning; maximizing income; spending; saving; borrowing; and protecting. Participants explore growing industry trends surrounding comprehensive "financial capability" programs that impact behavior to achieve self-defined goals, lifestyle changes, counseling, coaching, and measuring outcomes.
- *Financial Coaching: Helping Clients Reach Their Goals*: A two-day course in which participants learn how coaching differs from and complements financial education, knowledge sharing, and counseling. Using the personal finance content taught in *Delivering Effective Financial Education for Today's Consumer*, participants gain an understanding of practical coaching techniques using interactive case studies and demonstration activities to learn coaching essentials, client sensitivity, and communication skills.

These courses were offered at eight week-long regional training events and at eight national NeighborWorks Training Institutes in key markets across the country in 2011 and 2012,<sup>2</sup> drawing more than 1,500 practitioners to these high demand trainings. Of these, 400 attended under the scope of the demonstration project, which included scholarship opportunities to support participants from the learning cohort, as well as other community-based organizations providing financial education and financial coaching services to low- and moderate-income individuals and families. In total, these newly-trained practitioners served approximately 65,000 low- and moderate-income people with enhanced financial capability programming. The 30 organizations represented in the project's learning cohort served approximately 4,200 of these individuals with financial coaching and related financial education and counseling.

<sup>1</sup> NeighborWorks America delivers many of its programs and services through the national NeighborWorks network – 245 independent, community-based nonprofit organizations serving more than 4,600 communities nationwide.

<sup>2</sup> Training was offered in the following locations: Los Angeles, CA; Atlanta, GA; New York, NY; Chicago, IL; Dallas, TX; Washington, DC; New Orleans, LA; Cincinnati, OH; San Francisco, CA; Miami, FL; Sacramento, CA.



## Building Organizational Capacity to Implement Effective Financial Coaching Programs

In addition to training opportunities, grant support and technical assistance were provided to the 30 selected organizations in the learning cohort to build their capacity to deliver and sustain their financial capability programming. Technical assistance services were focused on the following key areas:

- program design and development
- staffing strategies
- policies and procedures
- partnership development
- marketing and outreach
- using social media

Organizations were paired with technical assistance providers who helped identify program areas that needed support, and strategies and resources that could improve program delivery. These efforts were supplemented with topical webinars, online resources, and participation in two national peer learning convenings held in April and December 2012.

## Using Evaluation to Track Changes in Financial Status, Attitudes, and Behaviors

Each of the 30 organizations in the learning cohort received technical assistance to plan and implement an outcome-focused evaluation of its financial coaching programs drawing on a set of data collection tools developed by Success Measures, an evaluation services group based at NeighborWorks America. Beginning in 2008, with support from the Citi Foundation and other funders, Success Measures led the creation of these tools through a collaborative process among community development practitioners, researchers, funders, and policymakers aimed at creating high quality, easy-to-use evaluation tools that accurately depict the outcomes of a range of programs designed to build the financial capability of low- and moderate- income consumers. The resulting Financial Capability Outcome Framework

includes a suite of brief data collection tools comprised of 67 tools developed for adults and 49 tools developed for youth.<sup>3</sup> These tools document changes in consumers':

- Individual/Family/Household Characteristics and Financial Status
- Financial Behavior
- Financial Attitudes
- Non-Financial Aspects of Well-Being and Security
- Informal and Communal Assets
- Asset Preservation - Foreclosure Mitigation

Over a two-year period, each learning cohort organization used one survey tool in common, which covered household composition, financial status, and savings, debt, and credit behaviors. In addition, each organization selected at least one other data collection tool, developed from the Success Measures financial capability outcome framework, which closely aligned with the specific focus of its coaching program.

By providing training, technical assistance and access to the online data system, Success Measures supported each of the 30 participating organizations in tracking and analyzing changes in the progress of a sample of their financial coaching clients at two points over the course of these relationships. The evaluation provided data about how consumers' financial knowledge, attitudes, and behaviors were changing over time. The demonstration cohort members also built organizational capacity by incorporating outcome evaluation into their ongoing work.

<sup>3</sup> Financial capability measurement tools are available via the subscription-based Success Measures Data System (SMDS), or via free download at <http://www.successmeasures.org/fctools.html>



## II. Recommendations for Advancing Effective Practice

The Financial Capability Demonstration Project showed what it takes to launch, enhance, evaluate, and increase the scale of financial coaching programs nationally. It also offers encouraging evidence that many low- and moderate-income consumers who received financial coaching were able to save money, pay down debt, and improve their credit scores. For example, a comparison of clients' financial status at the start of coaching with their status after coaching had been under way for periods ranging from five months to a year or more, demonstrates a substantial positive impact:

- 54% of clients with no savings at the start of the project had some savings after participation in coaching, resulting in median savings of \$668.
- 48% of clients who had savings at the start of the project increased that amount over time, with a median increase of \$938.
- 55% of clients who had unsecured debt when they began coaching decreased the amount of that debt, with a median decrease of \$3,005.
- 47% of clients raised their credit scores over the course of the project, with a mean increase of 59 points.

As new regulatory and consumer protections, financial products, community-level programs, and innovative technologies are developed in response to the financial crisis, NeighborWorks America invites others in the financial capability field to review and adapt the promising practices and policy ideas presented in this report to their own efforts. The following summarizes key recommendations from the demonstration's experiences that should resonate with those policymakers, funders, financial institutions, non-profit organizations, and researchers interested in expanding access to financial coaching services to help low- and moderate-income consumers reach their financial goals.

**Embed Financial Coaching into Services:** The project demonstrated the importance of reaching low- and moderate-income consumers where they are - in workplace, education, or other community settings - so that they could fully benefit from financial coaching programs. While a variety of financial coaching models developed through the demonstration project served clients effectively, client retention

was an issue experienced by many; time and travel commitments proved daunting for busy individuals juggling work, family, and community obligations with transportation and childcare. Organizations in the demonstration project worked to increase client access and retention by embedding financial coaching in other services and using an array of delivery mechanisms, including phone, online, and group coaching models. These models are ripe for further replication and testing within a broad range of affordable homeownership, human service, workforce, education, veterans' services, and related program settings, where financial coaching can augment other activities designed to strengthen consumers' long-term assets and resilience. Policymakers can further this service integration by ensuring that financial coaching is an allowable component of relevant federal, state, and local programs.

**Strengthen Impact of New Consumer Information Mandates:** Evaluation findings from the demonstration project showed the value of financial coaching in helping people apply financial knowledge and skills directly to their day-to-day lives. Policymakers and program designers interested in increasing financial security can leverage new requirements for the provision of basic consumer financial information by including financial coaching resources. New regulatory initiatives to ensure that consumers have the information needed to make informed financial decisions, such as those being developed and implemented at the federal level by the Consumer Financial Protection Bureau (CFPB), Department of Veterans Affairs, Department of Labor, Department of Education, and Federal Deposit Insurance Agency among others, present opportunities to not only increase transparency, but to also make clear how to access financial coaching services that can help guarantee that this information "sticks" with the consumer. Consumer education and disclosure requirements related to credit reporting, pre-purchase and settlement statements, student loan educational materials, and requisite savings and loan products, all offer opportunities to connect consumers with coaching programs. For example, as the student lending landscape undergoes policy and regulatory change, students taking on new loans, as well as consumers struggling to pay down student loan debt, could benefit from provisions that would provide broader access to financial coaching.

**Offer Integrated Support for Financial Coaching Programs:**

The demonstration project showed that a combination of start-up funding incentives and training, technical assistance, evaluation, and peer learning support, allowed non-profits to effectively add financial coaching to their service offerings. While it may not be possible to replicate this comprehensive, integrated assistance from a single source, funders and intermediaries could consider how to address these needs in their own localities. This could include drawing on accessible national resources, such as the financial capability training or evaluation services offered by NeighborWorks America, combined with local technical assistance and funding resources. The partnership model, represented by the Citi/NeighborWorks collaboration during the demonstration project, could be adapted by other funding consortiums, including public-private efforts and coordination with philanthropic affinity groups like the Asset Funders Network. In addition, the Bank On initiative of locally-led collaborations among state or municipal government agencies, financial institutions, and community-based organizations, represent a growing national network of programs that provide low-income consumers with free or low-cost starter or “second chance” checking and savings accounts and access to financial education. Exploring how, when, and where financial coaching services could be tapped to enhance results for Bank On participants, could be an effective way to scale support for financial coaching.

**Use Shared Measures to Evaluate Financial Coaching Outcomes:**

By using a standard set of measures such as those offered in the Success Measures financial capability tool set, organizations can help build a body of longitudinal primary-level data on the effectiveness and impact of a variety of approaches to financial coaching. This documentation of changes in consumers’ financial lives is critical to organizations, funders, researchers, and the broader field.

At the field level, this type of outcome data can be an invaluable resource for those crafting financial capability policy, programs, and revenue streams. By better understanding how financial coaching enhances financial security for low- and moderate- income consumers, policymakers can more effectively align policy initiatives and use evidence to guide program design and investments. Community-based organizations can use evaluation results at the individual program level to improve program delivery and enhance results for clients. Funders can use this type of data to understand longer-term impacts of their grants and investments in communities. Researchers, whose work plays a pivotal role in advancing the field’s understanding of low- and moderate-income consumers’ financial status, behavior, attitudes, and resilience, could partner with organizations effectively measuring client outcomes. By connecting with groups that pursue longitudinal client-level evaluation, researchers can conduct studies at lower costs and levels of effort. The primary-level data collected by organizations provides context and qualitative perspectives that can supplement broader research efforts. Incentives to support these kinds of partnerships within the financial capability field would strengthen organizational capacity to effectively analyze and use data and could advance key research agendas to deepen understanding of how to protect consumers and increase their financial security and resilience.

# III. Learning from Effective Practice

## Introduction

The Financial Capability Demonstration Project aimed to deepen understanding about the range of effective financial coaching models and program strategies and the types of training, technical assistance, and other resources needed by practitioners to develop and implement effective financial coaching programs. This section of the report presents the insights, promising practice models, and organizational capacities shown to be effective in launching, scaling, sustaining, and evaluating financial coaching programs.

Through multiple levels of engagement, NeighborWorks America and participating organizations gained a clearer sense of what it realistically takes for practitioners to successfully deliver and evaluate financial coaching and capability programs in terms of program models, coaching skills, client readiness, and required time and resources. Financial coaching represented a different approach to clients and program delivery than is found in financial education classes or housing, foreclosure intervention or credit counseling, requiring time, dedicated resources, creative program delivery and ongoing support for practitioners. Over the course of the project, it became clear that gaining strong client-level results through the delivery of financial coaching services was a paradigm shift for many individuals and organizations. This significant shift required a commitment from all levels of an organization – executive directors, program directors, and front line staff working directly with clients.

The following highlights the programmatic and organizational factors that need to be considered for successful multi-dimensional financial coaching service delivery:

- **Financial coaching effectively facilitates behavior and attitude changes.** Offering low- and moderate-income people access to financial tools and supports in a coaching relationship can help individuals change their financial behavior and attitudes over a relatively short period of time. They can then make progress in achieving longer-term financial security goals, such as increasing savings, reducing debt, and improving credit scores.
- **Training is critical to scaling financial coaching.** Practitioners and organizations need training and support to learn new content, refocus counseling behaviors,

and develop and practice facilitative skills. Training is also needed to inform the shifts in organizational culture. These shifts include changes in staff accountability, the fluid and variable nature of the coaching process, and program delivery models that require time-intensive one-on-one or group support.

- **Practitioners and clients need to take on new roles and accountability.** A change in mindset is required for both practitioners and clients to engage in an effective coaching relationship. Rather than solely transferring knowledge through financial education classes or resolving problems through counseling sessions, a financial coach acts as a facilitator to support a client’s personal behavior change over time. The “client” is treated as a “customer” who is accountable for his or her own progress in achieving self-defined financial goals.
- **Financial coaching leverages other financial capability programming.** Although more resource intensive than financial education classes alone, financial coaching can pay off in many ways. It can more effectively serve as a “next step” for clients motivated to put new-found financial knowledge and skills into action. Introducing coaching concepts into crisis-oriented programs, such as foreclosure intervention services, can help clients develop a long-term financial picture and the skills needed to avoid a future crisis. By adding coaching approaches to homeownership or credit counseling services, a financial coach can help identify gaps in client’s knowledge and direct them toward relevant resources.
- **Assessing client readiness is key to a successful coaching relationship.** Targeting clients who have clear goals and are receptive to coaching is critical because financial coaching requires a personal commitment to work toward challenging goals and building basic financial skills. Practitioners need to consider a potential coaching client’s financial knowledge and skills, ability to commit the required time, motivation for entering the coaching relationship, and other supportive services needed to work toward financial goals.
- **Evaluation leverages coaching program resources.** To affect behavior change, financial coaches need to understand and assess a client’s financial status, household dynamics, attitudes towards finances,

and financial behaviors. Gathering information at key points in the coaching process helps coaches draw a complete picture of clients' financial situations and track progress toward their goals over time. This additional insight can help practitioners work more effectively with their clients and improve coaching programs in the process.

## Building Practitioner Capacities to Bring Financial Coaching to Scale

Training opportunities and ongoing support that allow practitioners to build and refine their skills are a critical component of scaling financial coaching. The demonstration project's new and enhanced financial capability courses, offered through the NeighborWorks Training Institute's (NTI) quarterly events and regional place-based trainings, are building a key part of the training infrastructure needed to expand access to financial coaching nationally. Annually, the quarterly NTIs and place-based trainings attract over 12,000 housing and community development practitioners. By incorporating financial coaching and related courses into the NTI, the largest training platform for the community development field, the demonstration project established an ongoing training resource that can be tapped by tens of thousands of additional practitioners. Field understanding was also sharpened about specific kinds of training and support needed to produce successful financial coaches.

This investment in infrastructure directly impacted practitioners who took advantage of the training courses and participated in the learning cohort. It increased their financial coaching skills and expertise, helped them develop a laser-like focus on outcomes, and encouraged knowledge-sharing among their peers. The following highlights key supports practitioners need to become a financial coach or incorporate coaching principles into other financial capability programming.

### Training and Support for Coaches

For many practitioners, acquiring coaching skills was an iterative process requiring training, reflection, real world application and ongoing feedback. Moreover, training refocused practitioners' skills from a counseling approach in which they actively work to resolve clients' financial issues, to a coaching paradigm which is client-centered and empowers clients to take responsibility for resolving their own issues. The coaching approach requires practitioners to develop new techniques which take time and practice to master and which differ significantly from those used in financial and housing counseling. Practitioners accus-

tomed to providing counseling that is largely instructive need to learn to step back and facilitate a process that helps clients first identify and prioritize their goals, and then develop their own plan for achieving them. This approach requires practitioners to cede control and allow clients to drive the process. For example, a training participant noted that the training had enabled her to modify her approach to be less lecture-oriented and allow clients to become more self-motivated through goal setting and action planning. She credited the training with allowing her to help clients create their own "financially capable space."

Coaches in the demonstration project reported that the intensive, week-long training offered by NeighborWorks America proved critical in helping participants understand the paradigm shift involved in coaching, and provided them with concrete skills to test this approach in their own programs. Initial course evaluations post-training indicated a high level of satisfaction and value, as follows:

- 97% rated the financial capability courses very good or excellent.
- 62% reported being somewhat knowledgeable before taking the courses.
- 78% self-reported much better prepared to be a financial coach after taking the courses.
- 96% indicated that the training resource materials would be useful (good, very good, excellent) within their program.

A sample survey of training participants, conducted between six months and two years following trainee attendance in one or more of the courses, showed the impact of the training and materials provided<sup>4</sup>:

- 95% rated the financial capability courses as useful or extremely useful in building their skills and knowledge to work more effectively.
- 92 % were using new knowledge, skills, practices, tools, and strategies that they specifically attribute to the training. Of those who had not applied their learning yet, the majority cited a lack of program funds or staff resources to do so.
- 57% had made changes, improvements, or expanded their organization's financial capability services and 28% believe they will do so in the future.
- Of those that had made program changes, 54% implemented a new financial coaching program and 81% improved the quality of existing financial capability programs.

<sup>4</sup> For additional information, please see page 48 in Appendix: Financial Capability Demonstration Project Training Impact Survey Executive Summary



In addition to traditional training, practitioners need a variety of ongoing supports. Once practitioners began working with clients, they reported a need for an array of continuing supports to supplement traditional training opportunities and promote professional growth and skill development. Examples of these supports include:

- **Effective Coaching Supervision:** As coaches test and refine their skills, they often require supervision and feedback to gauge progress and solve problems as they arise. This feedback can be provided by staff trained in coaching skills or by an outside expert. For example, *The Unity Council* in Oakland, CA, recognized hands-on, continuing feedback for its coaches as vital to the success of its program. The organization created a “Coaching for Coaches Program” that relied on an outside expert for ongoing training and support to all of the coaches on staff.
- **Supplemental Coaching Tools:** Coaches in the demonstration project cited the need for additional materials and resources that could help build their skills and streamline the coaching process. NeighborWorks America’s financial capability training series offered practitioners a range of written tools aimed at helping coaches work with clients to identify financial goals, write action plans, and create detailed budgets.
- **Technology to Streamline Service Delivery:** Web-based resources and software options helped coaches deliver services more efficiently. *Foundation Communities* in Austin, TX sought to resolve a bottleneck caused when all appointments were scheduled via telephone or email, a process that took one staff person at least two hours each day to manage. The project’s technical assistance provider introduced Foundation Communities to the Appointment-Plus<sup>5</sup> scheduling system; since using this software, staff time dedicated to scheduling has been reduced to approximately 30 minutes a day and the no-show rate of clients was reduced by 10%.
- **Peer Support for Coaches:** Coaches benefitted significantly from peer support, within individual organizations and, occasionally, at the community level. This engagement allowed practitioners to share successes and challenges as they continued to refine their coaching skills. To provide additional peer support and share lessons learned, the demonstration project provided two in-person convenings and access to a list-serv that connected all staff members of the cohort organizations. *NeighborWorks Orange County (NWA of OC)* reported that peer-to-peer exchange enhanced its

understanding of coaching. The organization specifically identified conference calls, in-person instruction, and peer-to-peer training sessions as key to expanding staff awareness of how coaching can best be used to guide clients toward achieving their financial goals.

## Organizational Strategies for Financial Coaching

The 30 organizations comprising the project’s learning cohort represent a cross-section of leading nonprofits working in the financial capability field. The groups selected varied in size, staff capacity, geography, target populations, mission focus, and types of services offered. This diverse cohort used a broad array of strategies to develop and implement financial coaching. The cohort members demonstrated that financial coaching can be both flexible and dynamic, adapting to programs of varying size and capacity. Coaching services can be delivered as an independent, stand-alone program and can also be tailored to fit smoothly within an organization’s existing programs. The following summarizes the essential areas of learning from the methods that organizations employed to deliver financial coaching services.

### Program Design and Integration

Financial coaching services can be effectively integrated into an organization in several ways. Initial assumptions were that one-on-one financial coaching services offered through a separate program would be the best implementation model. However, experience demonstrated that, while intensive one-on-one coaching worked well for some organizations, there were a wider variety of impactful ways to deliver coaching. Some organizations successfully added financial coaching as part of an existing program, such as individual development account (IDA), human service, or homeownership programs. Other organizations incorporated coaching approaches as the foundation of their efforts across all related programming including provision of resident services, workforce, entrepreneurship, or financial education programs. Still others successfully implemented group coaching models, in person or virtually, using staff or volunteers. The primary ways organizations integrated financial coaching into their service delivery included:

- **Coaching as a separate, stand-alone service:** The HomeOwnership Center at *The Unity Council*, in Oakland, CA is representative of the organizations that developed separate programs to provide one-on-one financial coaching. In Unity Council’s case, its new

<sup>5</sup> Appointment-Plus is a web-based company that provides online appointment scheduling software.



coaching program was designed to complement its existing intensive financial capability offerings. The coaching program draws clients from existing IDA programs and financial education, homebuyer, and foreclosure intervention workshops and provides up to ten hours of individual coaching per year for up to two years. The addition of a financial coaching program allowed the Unity Council to greatly expand the continuum of services it offers and to bring its clients closer toward achieving their financial goals. The organization's financial education courses provide its clients with knowledge, basic skills, and self-confidence. Then, through one-on-one sessions, Unity Council's financial coaches help clients refine their skills and take initial steps toward putting knowledge into practice. This coaching process is designed to help empower clients to chart a realistic path for realizing their financial goals.

- **Integrating coaching into one existing program:** Many organizations implemented coaching as a new service within an existing program. For example, *Asian Americans for Equality (AAFE)* in New York City determined that financial coaching would be a natural complement to its existing homeownership IDA program. AAFE staff continues to provide basic financial education and resources as people enter the program, but once this is complete, the coaching framework allows clients to drive the process by defining goals and creating action plans. This ultimately gives AAFE clients responsibility for achieving their savings goals. AAFE reported that adding client-driven accountability into its IDA program was both motivational and empowering for clients who took ownership of the process and felt responsible for its success.
- **Fully integrating coaching approaches across multiple programs:** A small number of organizations used financial coaching as a foundational component throughout all of their programs. These organizations determined that coaching practices should be fundamental to all client interactions and were willing to make the investment in training and supporting staff to facilitate this organizational transition.

For example, *Mission Economic Development Agency (MEDA)*, in San Francisco, determined that the most successful strategy for its organization was to integrate coaching into all of its asset development services. Financial education is included in its self-employment, business development, homeownership, and foreclosure prevention workshops, after which clients have the option of one-on-one coaching sessions. Tax preparation and benefits screening clients also have the option

of participating in financial coaching. In addition, direct service staff have embraced and implemented coaching when working with clients on a one-on-one basis at various levels. MEDA felt that this model strengthened its ability to empower its clients to advocate for themselves and advance their financial security.

*Community Housing Works (CHW)* in San Diego offers another example of full coaching integration. After training its entire staff in financial coaching approaches, CHW expanded its financial capability services through the development of a Financial Health Club, a new approach to help clients reach their housing or financial goals by accessing all CHW programs applicable to their needs. CHW also revamped its financial education classes to incorporate coaching approaches and developed a new partnership to offer individuals career coaching.

### Program Policies, Parameters and Procedures

Coaching programs require well-defined policies and procedures to ensure quality control, efficiency and client engagement and retention. Introducing financial coaching services requires a careful consideration of existing policies and procedures related to client flow and program parameters. This differs from shorter term financial education programming. Because coaching requires a specific type of sustained engagement and communication with the client over time, it must be structured with a clear eye to available organizational resources. The following examples highlight the types of policies and procedures that were implemented during the demonstration project to support new financial coaching program delivery:

- **Client targeting and assessment:** Cohort organizations developed different rationales and approaches for selecting clients to receive coaching services. *YWCA of Dallas* determined that participants who have a steady income stream would be the best candidates for coaching; they would be more likely to implement concepts and tools and take up additional services offered by the organization. *Latino Economic Development Corporation (LEDC)* in Washington, DC concluded that participants who are not in crisis and who volunteer to participate in financial capability programming were its target audience. On the other hand, *Cabrillo Economic Development Corporation* in Ventura, CA felt that people in crisis could benefit from coaching services, and targeted some services specifically for those clients. All organizations required coaching candidates to have a clear grasp of basic financial skills, such as savings and budgeting. Candidates who had knowledge gaps were often directed

to financial education programs within the organization with the aim of beginning coaching sessions once basic financial knowledge was acquired.

- **Client flow:** Understanding how clients will enter the coaching program and what bridges exist between other programs is critical. For example, *The Neighborhood Developers (TND)* in Chelsea, MA, offers financial coaching as a service with its CONNECT program, a collaboration of six organizations that offers an integrated service delivery model aimed at providing clients with employment, housing, and asset building supports. TND recruits its coaching clients through each of the CONNECT program areas. Coaching is offered as a free service for anyone interested in bundled services, with monthly orientation sessions to explain how the coaching program works. The coach helps clients identify the various program supports that can help them achieve specific goals.
- **Program parameters:** Defining the structure, cost, duration, and frequency of coaching services were threshold design considerations for all organizations. Most organizations in the demonstration project established coaching programs that lasted for 6 to 12 months and were free to the clients served. However, the number of coaching sessions and the method of engagement used in these programs varied widely. All organizations felt it was important for the initial coaching sessions to be in-person; a variety of methods were used for follow-up sessions and goal reporting, such as phone, email, and text message. These alternate methods of engaging clients and keeping them accountable to the coaching process required less time from the coach and had some advantages in terms of client retention rates. Programs able to keep clients engaged in the coaching process for 10 months or more were shown to be more likely to help clients increase their credit scores.

In the *Unity Council* example mentioned on page 11, program parameters are clearly defined. Its financial coaching program offers up to two years of coaching through an initial coaching period of six months and optional additional three to six-month engagements. Clients must participate in a coaching session at least once a month; each session ranges in length from 45 to 60 minutes with the initial coaching discovery session lasting up to 90 minutes. Additionally, individual coaching is supplemented by optional quarterly group coaching sessions in person, by conference call, or by webinar. Coaching clients also have access to other social services and support professionals on a sliding scale fee basis.

## Communication Strategies

Clear communication of program parameters is critical for client engagement and retention. Financial coaching programs engage clients in active, self-directed ways. From their first interaction, clients are expected to make a strong commitment to participating in the coaching process that requires embracing a new way of thinking. They are asked to identify financial goals and hold themselves accountable to working toward those goals. This is a major shift for clients who are more accustomed to a traditional approach in which the counselor offers solutions to their financial issues. Many organizations reported that clients were confused, or even put off, by coaching expectations if they are not articulated at the beginning of the coaching relationship.

Practitioners reported a variety of communication methods that helped with the engagement process including using a written “coaching agreement” for clients to sign, holding a formal orientation, using visual media, and creating “scholarship” application for enrollment. Effective communication practices included:

- **Clarifying client’s expectations:** *Asian Americans for Equality* found that clarifying expectations proved very valuable in overcoming the minor resistance they were sensing from clients. The concept of financial “coaching” was new to most of its clients and some felt uncomfortable being pushed to drive the process. AAFE addressed this issue by refining marketing and communications materials to better explain the nature of the coaching relationship, the parameters of the coaching program, and the expectations for potential participants. These materials, used for recruiting and in all orientation sessions, kept clients informed and engaged and helped determine those not yet ready to make a commitment to a coaching program and where appropriate, direct them to other available programs.
- **Using video to communicate coaching concepts cross-culturally:** *Community Housing Works (CHW)* used a short video called, “How Coaching Works”<sup>6</sup> to inform its clients about the nature of its new coaching program. This animated, non-language specific video, helps to easily translate the basic concepts of coaching in cross-cultural ways. In addition to the video, CHW used tools that were discussed in *Neighbor-Works’ Financial Capability Training* courses, such as providing a workbook for clients with practical coaching exercises.

6 <http://www.youtube.com/watch?v=UY75MQte4RU>. The “How Coaching Works” video was developed by Wellcoaches School of Coaching.

- **Creating coaching contracts for clarity and commitment:** Numerous organizations found that providing a written document outlining the details of the program, parameters of the coaching relationship, and the obligations of the client was very useful for clarifying expectations. These documents, typically called “coaching contracts” or “coaching agreements”, are presented at an orientation or initial coaching session where the document is explained and executed. Templates for these agreements are included in NeighborWorks Financial Capability Training courses.

### Organizational Capacity and Commitment

Although financial coaching has been seen as a resource-intensive service delivery model, the demonstration project clearly showed that coaching can be introduced incrementally to align with an organization’s capacity, readiness, and client needs. Organizations such as *Mission Economic Development Association* and *Community Housing Works* chose to use coaching as a foundational approach for all of their clients. These experienced organizations invested heavily in staff training, and reoriented all of their policies, procedures, and program curriculum to support the coaching model.

Other organizations such as *Capital Area Asset Builders (CAAB)* in Washington, DC, sought alternative ways to deliver coaching that could more successfully align with available resources. They initially offered one-on-one coaching, but tight resources kept the program limited in size. During the demonstration project, in an effort to meet demand for its coaching services, CAAB experimented with group coaching and found it to be a promising practice that could meet demand for coaching with more modest resources.

Commitment at all levels of the organization is a prerequisite for program success. From managers dedicating resources and developing programs to front line staff embracing training opportunities and making the shift in their approach with clients, the demonstration project showed the important roles that staff and leadership play in establishing and sustaining effective financial coaching programs. Programs without a clear level of commitment and coordination throughout the organization had more difficulty sustaining or expanding their efforts. The following examples highlight ways of fostering commitment across an organization:

- **Engage staff to secure buy-in:** *The Financial Clinic* in New York City actively engaged its staff as it developed an online coaching toolkit. The organization used staff meetings to keep employees informed about each stage of the toolkit’s development and provided

staff members with the opportunity to offer suggestions and identify gaps in the coaching strategies. An annual summer staff development workshop focused on building better communication with direct service staff and identifying changes needed to ensure that the coaching program would be implemented seamlessly.

- **Educate all levels of the organization:** The *YWCA of Dallas* focused on cross training to make sure that the organization supported a “coaching culture”. It educated staff, volunteers and board members to ensure consistency within the coaching approach and piloted training for non-coaching staff to orient them to the coaching approach. Volunteers were also oriented in the coaching model to make their client interactions more coach-influenced. Importantly, presentations to the YWCA board clearly communicated how and why they were implementing a financial coaching program.
- **Incorporate coaching into staff training:** The *Latino Community Credit Union (LCCU)* in Durham, NC incorporated coaching concepts into its leadership development training program. This was particularly useful in helping managers and leaders to more effectively motivate and engage employees by empowering them with responsibility, recognizing performance, working with employee strengths, setting more realistic and measurable goals, and identifying opportunities for professional development.

### Partnerships and Collaboration

Strategic partnerships can be critical in maximizing success. Several organizations found that partnering with other organizations allowed them to maximize resources, stretch dollars, and expand their exposure in their local market. Organizations used existing relationships and sought out new relationships to more effectively implement their financial capability programs. Examples of partnerships include:

- **Improving marketing for better prepared clients:** The *Urban League of Broward County (ULBC)* in Fort Lauderdale, FL used strategic partnerships to help attract better prepared participants to its financial coaching program. Previously, ULBC relied on word of mouth marketing but found that some clients enrolled through that approach were not ready to invest the effort that a coaching relationship entailed. To better target recruiting efforts, ULBC altered its marketing plan to include educating referral partners and by hosting “Meet & Greet” sessions with funders and other community agencies to share the requirements and goals of the financial coaching program.

- **Creating a joint scholarship opportunity:** The *Cabrillo Economic Development Corporation's* NeighborWorks HomeOwnership Center (HOC) in Ventura, CA partnered with the Housing Authority of the City of Buenaventura to launch a financial coaching program called Creating a Stable Home (CASH). Though this partnership, the organization developed a “scholarship” opportunity and worked jointly with the Housing Authority to attract participants to the program. The “scholarship” allowed 25 participants to enroll in a comprehensive set of services over a 12-month period aimed at helping them increase their financial knowledge and confidence, and work toward healthy financial behaviors such as reducing debt, increasing savings, increasing credit scores, and increasing net worth by purchasing an asset such as a home, small business, or post-secondary education. The CASH program components included a financial education course, a homebuyer education workshop, quarterly savings club meetings, one-on-one financial coaching sessions for one year, credit report review, and a savings requirement of a minimum of \$300.
- **Offering financial products through partners:** The Duman Center at *Jewish Vocational Service (JVS)* in Chicago, IL created a partnership with a local area credit union, South Side Community Federal Credit Union, to offer its financial coaching clients access to secured credit cards and small installment loans. The Duman Center credited these products with increasing client’s interest in and commitment to the coaching program, as well as helping clients accelerate progress to achieving their financial goals more affordably and securely.

## Integrating Evaluation into Financial Coaching Programs

Evaluation of financial coaching services was integrated into program delivery to the greatest extent possible. Each of the organizations in the learning cohort worked closely with a Success Measures evaluation consultant to plan and implement an evaluation drawing on the Success Measures financial capability data collection tools<sup>7</sup>. The consultants assisted organizations in identifying the key outcomes they were interested in documenting and trained the organizations in consistent use of the selected data collection tools. Organizations also participated in a series of web conferences on various aspects of planning an evaluation, effectively collecting data through surveys and interviews, and analyzing and using the resulting data for a

range of purposes. (See Section IV: Evaluation of Financial Coaching Client-Level Outcomes, p.19.) The project’s two peer convenings provided valuable opportunities for participating organizations to share the successful strategies and challenges they discovered when integrating the evaluation process into coaching programs. Significant growth in organizations’ abilities to conduct outcome-focused evaluation and to make effective use of data was evident by the project’s final peer convening in December 2012.

Participating organizations noted that the process of learning about their clients was, in many ways, as useful as tracking the changes in their client’s outcomes over time. For many of the organizations, this evaluation was the first time they had collected client-level outcome data. Other organizations were sophisticated in the use of data, but still faced challenges in adapting their program delivery to include collection of longitudinal data. By the end of the project, many organizations had developed successful strategies for integrating an evaluative approach at all levels of their organization. Practitioners also learned how evaluation data can be used to better serve their clients and, specifically, how the data collection tools themselves can be used to enhance one-on-one coaching sessions.

While the means of integrating evaluation into each organization was unique, the following highlights learnings and examples of the value added of the evaluation process to the participating organizations.

### Understanding Client’s Issues and Needs

Many organizations found that collecting client-level data through a survey or interview provided them with a much better understanding of their clients’ experiences. During the first peer convening, many organizations shared insights they had gained about their clients through collecting data, having only administered the surveys once. This underscores the value of the baseline information in informing program design and delivery, even if collecting a second round of data was not possible due to client retention or other issues. Practitioners noted that collecting client-level data enabled them to:

- **Challenge commonly held assumptions about clients and their financial behavior:** *Mission Economic Development Agency* reported that it was surprised that its clients were generally not using fringe lending products. *The Latino Community Credit Union* discovered that, contrary to its assumption that the majority of

<sup>7</sup> Anders, Jessica, *Measuring Outcomes of Financial Capability Programs: Success Measures Tools for Practitioners NeighborWorks America*, 2011



its clients were newly-arrived immigrants, the majority had, in fact, been in the United States for five years or more. *Brand New Day* in Elizabeth, NJ learned that contrary to its beliefs, age was not a factor in financial capability. Some of the same issues of spending, overuse of credit and lack of knowledge about money management existed for teens, young adults and seniors trained and coached.

- **Uncover new financial issues facing clients:** The type of debt clients had was a new realization for many organizations. *The Financial Clinic's* more detailed data on clients' debt and savings revealed surprising statistics regarding the sum of its clients' student loan debt and the pervasiveness of medical debt. Coaches at the *North Texas Housing Coalition (NTHC)* in Dallas, TX learned that many clients were carrying student loan debt with no accompanying degree because they lacked understanding about transferable college credits, school accreditation, scholarships, and other aid. For these clients, coaches were able to provide information about debt management options in a more effective and targeted manner. Evaluation data collected by *Brand New Day* showed that most of its clients were not saving for retirement. This knowledge motivated *Brand New Day* to develop curriculum that included information on retirement savings, and to incorporate that material into financial coaching sessions. *YWCA Dallas* discovered that information from the evaluation regarding consumer debt and student loan debt was useful in addressing specific program needs.

### Using Evaluation Data to Enhance Service Delivery

Practitioners found the evaluation data valuable for a variety of program design and delivery needs. Based on data collected, several organizations planned changes to improve client selection processes including initiating orientation sessions, developing a formal application process, or narrowing criteria for coaching referrals. Other organizations planned to modify the content and focus of their financial capability programs by emphasizing specific topics and skills, spending more time discussing and examining financial behaviors, and adding new content to address specific challenges encountered by coaching clients. Organizations also used evaluation data to inform their outreach and marketing efforts as well as to:

- **Identify appropriate clients:** *CASA de Maryland* in Wheaton, MD learned that its Citizenship Maryland Loan Program clients were better able to take advantage of financial coaching than clients in other programs, so planned to market its coaching services

primarily to those participants. *Community Housing Works* felt that the most useful discovery from the evaluation was that clients who focused on a specific, tangible goal were better able to successfully complete the program and save. CHW plans to re-focus its selection process on individuals committed to reaching specific goals. In addition, rather than signing everyone up for a matched savings account, the organization plans to open accounts for individuals based on recommendations from coaches regarding readiness and commitment. *The Latino Community Credit Union* discovered that newly arrived families needed more time to settle before receiving comprehensive financial coaching in a group setting. Instead, the credit union found that these clients had better success by reviewing basic concepts personally with staff in the branch setting. The LCCU is contemplating ways to incorporate a more brief and basic version of its group coaching curriculum for populations who have arrived more recently.

- **Understand clients' needs:** The evaluation data showed the *Urban League of Broward County* that participants needed additional education on financial topics beyond budgeting. The organization responded by implementing "Booster Shot" sessions on education loans and enlisting community partners to make coaches and participants aware of various insurance options. *NeighborWorks Orange County* felt that the information collected helped its staff better understand client needs, including the recognition that its coaching program best suits clients with a desire to begin using a budget, curb impulsive buying, pay off significant credit card debt, and save more money.
- **Tailor curricula to different populations:** By better understanding the issues faced by its different client segments, *Cabrillo Economic Development Corporation* planned to enhance its curriculum by incorporating more motivational focus group sessions. Modeled on its existing CASH program, the modified offering would emphasize topics of particular importance. For example, information about student loans and financial preparation for college would be placed in CASH for College Students. Other focus groups would include CASH for Women or CASH for Couples. Evaluation results from *Community Development Corporation of Long Island* in Centereach, NY showed that 67% of its participants had some type of savings, but only 44% felt that they could weather a financial crisis, particularly if it was job-related. As a result, CDCLI refocused their efforts on budgeting and spending to better prepare clients to weather a financial setback.

- **Enhance marketing strategies.** Many organizations are adapting their marketing based on what they have learned about their clients. Knowing more about who their coaching programs have attracted has prompted some groups to narrow their marketing focus, while others will broaden theirs to attract those who were underrepresented in their initial outreach and program delivery.

### **Integrating Data Collection into Coaching Delivery**

Data collection for ongoing client-level evaluation is most sustainable when effectively integrated into program delivery. Coaches accomplished this in different ways. Many were able to effectively use the data collection tools in ways that helped them engage their clients in dialogue on a full range of financial issues. Practitioners received technical assistance to support this integration and to ensure data quality. Practitioners cited the following successful strategies for integrating the data collection tools into the coaching process for both evaluative and program purposes.

- **Use the evaluation to help clients discuss personal issues:** A number of coaches found the data collection tools useful for more clearly understanding the attitudes that affected clients' behavior. *Community Housing Works* reported that use of the Success Measures data tools helped coaches create a constructive dialogue with clients in the first coaching session by moving through a logical series of questions related to goal setting, budgeting, savings, credit, and debt management. This helped to create a holistic picture of the steps the client would be taking in the coaching relationship. *Latino Economic Development Corporation* business development staff found administration of the data collection tools useful in providing a window into the personal financial behaviors of clients seeking to become successful business owners. *NHS of New York City* observed that the data collection tools facilitated conversations on otherwise unidentified topics of value to the client. *Foundation Communities* administered surveys during the first coaching sessions and found that this process served as a conversation starter which helped coaches quickly gain a more complete understanding of the client's needs, values, and appropriate path to goal-setting. A training participant explained that the data collection tools helped staff in his organization become more comfortable having tough conversations with participants at earlier stages of the coaching relationship.

- **Assess timing of collecting sensitive information from clients:** Organizations found it useful to identify what information can be obtained during intake, and what information would best be collected as part of the program delivery and again at close-out. Some personal financial information is better obtained once a trusting relationship has developed between the client and coach. *Community Housing Works (CHW)* used a combined approach when getting evaluations completed. Clients filled out intake forms and a preliminary questionnaire prior to their coaching sessions, but completed the Success Measures evaluation tools jointly with their coach. CHW also provided clients with a free tri-merge credit report as an incentive for completing the survey process. *Urban League of Broward County* reported that providing the assessment tools throughout the coaching relationships, instead of distributing them at just one point, was responsible for their 78% completion rate.
- **Collect data through client interviews:** *Financial Guidance Center* in Las Vegas, NV found that having a financial coach walk clients through the surveys in follow-up sessions was far more effective than mailing or emailing the surveys. *Asian Americans for Equality (AAFE)* also decided to complete the evaluation for the client using an interview process; clients were more responsive when they didn't need to read through questions and they preferred to answer questions verbally. This was especially useful because many clients needed questions translated.
- **Ensure that the purpose of the evaluation is understood by clients.** *Bedford Stuyvesant Restoration Corporation* in Brooklyn, NY initially encountered challenges by not establishing an upfront commitment from clients to participate in, and be accessible for, the entire project, including the follow-up survey. The organization moved to conducting phone assessments in the evenings and on weekends to increase chances of reaching clients who were participating in the project.

## Ensuring Organizational Support for Evaluation

There was consensus among the organizations that integrating evaluation into coaching program implementation required an intentional strategy by organizational leaders. Coaches needed training on data collection methods and support to navigate the additional tasks of the evaluation process. Participating organizations shared the following lessons learned about management roles in the evaluation process:

- **Ensure that staff understands the purpose and benefits of the evaluation process.** Program managers play a key role in ensuring that coaches are well-briefed about the role the evaluation plays in the overall program design and are trained to collect data from their clients.
- **Reward accomplishment:** Managers and supervisors can ensure that evaluation-related activities are included in job descriptions of coaches and that their efforts are acknowledged during performance reviews as a core part of their responsibilities. Managers can reward creative ideas and provide opportunities for line staff who are interested in data to facilitate sharing and discuss results. They can also acknowledge the challenges of integrating evaluation into work, and consider ways to compensate staff members who have developed successful strategies.
- **Share data to reinforce staff efforts:** Ideally, data should be shared with staff as soon as possible to get feedback on how it can be used to inform program improvement. *Lakota Funds* in Rapid City, SD made a focused effort to share results from the first survey with staff to highlight their successes and note places for improvement. The Funds' staff was motivated by the measurement results which showed whether participants/clients were applying new practices in their everyday lives. *Mission Economic Development Agency* coaches initially viewed data collection as an additional task within their already heavy workload. To spur motivation, managers thanked coaches regularly, offered advice and assistance in collecting information, and held a gift card raffle open to all coaches who met the data collection deadline.



## IV. Evaluation of Financial Coaching Client-Level Outcomes

### Introduction

This section of the report presents analysis of client-level data collected to evaluate the effectiveness of the financial coaching programs in helping low- and moderate-income consumers work toward their self-defined financial goals. The project data showed that by offering a continuum of services, including financial coaching programs and approaches, organizations were able to successfully help clients with varying levels of financial knowledge and need make progress toward achieving their financial goals. The participating cohort organizations were able to demonstrate measurable change in their financial coaching clients' financial status and credit, savings, and debt behavior.

### Evaluation Design

The evaluation design included one survey tool compiled from Success Measures' tool set that was used in common by organizations in the demonstration project. This "common tool" covered household composition, financial status, and savings, credit, and debt behaviors.<sup>8</sup> In addition, organizations were asked to select at least one other data collection tool closely aligned with the focus of their coaching program, providing an opportunity for each organization to gather information specific to its approach and clients. Each organization was able to analyze and use the data it collected. In total, 60 different collection tools were used by at least one organization, indicating the value of having a wide range of tools available for practitioners to use in different coaching and programmatic contexts.

Each organization gathered data from clients in two waves<sup>9</sup>: at the beginning of their financial coaching relationship in 2011 or early 2012, and again at the end of the relationship in 2012. Because of differences in program design and duration, the data collection intervals for the second round of data varied. The majority of the organizations collected data through in-person interviews; some attempted paper-and-pencil administration either in a classroom setting or as a take-home assignment from a coaching session.

The value of this demonstration project was enhanced by the wide range of participating organizations, with different types of clients, programmatic emphases, and approaches to implementing financial coaching. The aggregated data which follows shows trends and overall accomplishment about how clients moved toward or away from their self-defined financial goals. It is important to note, however, that financial coaching goals varied by individuals and organizations. This evaluation assesses client progress toward financial coaching goals in the short term, but was not designed to draw conclusions about the success or failure of programs as a whole or to compare the results of one organization to another.

### Summary of Evaluation Findings

The evaluation findings summarized here highlight results from all data collection tools used by the organizations in the demonstration project. A complete analysis of evaluation findings follows, beginning on the next page.

**Demographics:** Clients served by the participating organizations were primarily low-income (76% with less than \$3,000/month in earned income) and predominantly African American or Latino (49% and 46%, respectively). Three-quarters (78%) were ages 25-54, and two-thirds (66%) were female.

**Financial Status:** A comparison of clients' financial status at the start of coaching with their status after coaching was under way demonstrates a substantial positive impact.

- 54% of clients with no savings at the start of the project had some savings after participation in coaching, resulting in a median savings of \$668.
- 48% of clients who had savings at the start of the project increased that amount over time, with a median increase of \$938.
- 55% of clients who had unsecured debt when they began coaching decreased the amount of that debt, with a median decrease of \$3,005.

<sup>8</sup> See data collection tool in Appendix on page 39.

<sup>9</sup> In this report a wave refers to a round of data collection at a particular time, numbered in sequential order.

**Credit Score:** Almost half (47%) of clients raised their credit scores over the course of the project, with a mean increase of 59 points. Clients' progress in increasing credit scores differed by gender and length of the coaching relationship. Just over half (51%) of female clients increased their credit scores while only 39% of male clients were able to do so. Clients who participated in coaching for a longer period of time were more likely to see a positive gain in credit score; 58% of clients who had 10 or more months in coaching increased their credit scores, while 29% clients with less than five months of coaching were able to do so.

**Attitudes about Financial Management:** At the outset, coaching clients expressed beliefs that reflected an understanding of the importance of certain elements of financial management. More than three-quarters of the clients indicated that it was very important for them to save for the coming two to five years (83%) as well as for 10 or more years into the future (67%). Of like importance was saving to purchase a home (67%) and, to a lesser degree, saving for unanticipated emergencies (52%). Similarly, the acceptability of incurring debt to pay for a home, automobile, or educational expenses (94%, 73%, and 68%, respectively) was much higher than for the purchase of household goods (30%) or personal expenses (14%).

**Attitudes about Establishing Credit and Incurring Debt:** Clients were also likely to say that the effort it takes to establish credit is well worth it (93%) and that they would rather do without something than go into debt for it (76%). These beliefs did not change dramatically over time, although participants who initially lacked this understanding did begin to acquire it. For example, 85% of the clients who initially had said that they would be willing to go into debt to get something were, after participating in coaching, no longer willing to do so.

**Financial Behaviors:** After starting coaching, many clients began behaving in a manner more consistent with what they learned as a result of their participation. A high proportion of those who were not saving started to save (54%), and those who were not saving on a regular basis began to do so (37%). One-half (48%) of those who did not have traditional bank accounts opened them. Clients reported saving more after coaching than they had 12 months earlier (65%), and many who had initially noted that when they save money for a particular purpose they often or sometimes spend it on something else were subsequently less likely to do so (59%). In addition, participants with unsecured debt often decreased their outstanding balances on credit cards, student loans, and unpaid medical bills (52%, 44%, and 55%, respectively).

**Financial Knowledge:** After participating in coaching, clients were more confident in themselves and their financial situation. A substantial proportion of clients who initially did not know how to obtain, or to understand, a credit report gained that knowledge (96% and 97%, respectively). Similarly, three-quarters of those who started coaching not knowing what to do to build or improve their credit reported that they attained that skill (77%).

**Feelings of Confidence and Financial Security** There was also a considerable increase in feelings of financial competence and security. Many clients who initially did not feel they managed their money well or were in control of their finances, believed otherwise after coaching (47% and 38%, respectively). Even more dramatic is that almost two-thirds of clients who reported feeling stressed about their financial situation when they began coaching, no longer felt that way after participating (62%). Finally, one-third of clients became more confident in their ability to weather a financial crisis should it occur (30%).

## Analysis of Evaluation Findings

The analysis of client-level data includes a total of 798 clients across 27 of the 30 learning cohort organizations that participated in the evaluation component of the Financial Capability Demonstration Project.<sup>10</sup> These individuals were involved in two waves of data collected through a survey used in common by all participating organizations which covered household composition, financial status, and savings, credit, and debt behaviors.

There were many fewer clients who responded in the second wave than the first. While some of this difference can be attributed to challenges with data collection described earlier, for the most part the difference is related to retention rates in the program itself. Throughout the demonstration project, cohort groups grappled with how to implement coaching, including how to structure the commitment and determine which clients would benefit most. In the future, most groups should expect to see a higher retention rate for the program overall and, thus, in the ability to track change over time for a greater number of clients.

<sup>10</sup> Due to organizational issues, two organizations were unable to collect a second round of data, so their initial round of data is excluded from this analysis. The final organization is a large organization that served 751 clients during the project. Because of its program size, the organization's data would be over-represented in the sample and are therefore analyzed separately beginning in the Appendix on page 41.

## DEMOGRAPHICS

More than three-quarters of the clients who participated (78%) were 25 to 54 years of age, and women outnumbered men two to one. Half of the clients (49%) self-identified as black or African American, while one quarter (25%) were white or Caucasian. Among the remaining participants, American Indians, Asians, and people of mixed race were equally represented.

Age	
18-24	4%
25-39	41%
40-54	37%
55+	18%
	100%
	(n=679)

Gender	
Male	34%
Female	66%
	100%
	(n=771)

Race	
African American	49%
White	25%
Multi-racial	9%
American Indian	9%
Asian	8%
	100%
	(n=548)

Close to half of the clients (46%) self-identified as being Hispanic, Latino, or Latina. When asked about the language most often spoken at home, 59% noted English while one-third (34%) indicated Spanish and 7% specified some other language (e.g., Lakota, Creole, Chinese). Household size varied a great deal, with 13% of clients living alone and 10% in households with six or more members. The remaining clients were about evenly distributed across households consisting of two to five people.

Hispanic, Latino, Latina	
Yes	46%
No	54%
	100%
	(n=753)

Language Spoken at Home	
English	59%
Spanish	34%
Other	7%
	100%
	(n=769)

Household Size	
1 person	13%
2 people	19%
3 people	21%
4 people	20%
5 people	17%
6 people	10%
	100%
	(n=682)

## INCOME AND EXPENSES AT WAVE 1

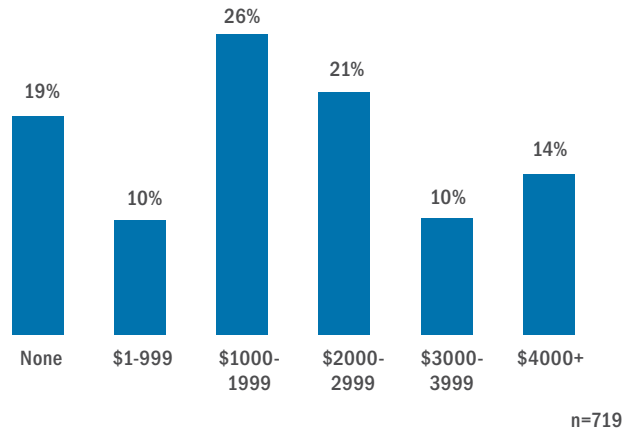
At the first wave of data collection, clients were asked whether or not they currently have earned income from any the following six sources:

- wages or salaries,
- income from tips,
- income from self-employment,
- income from casual or informal work,
- stipends, or
- income from rental property.

If they answered “Yes,” they were also asked to report the monthly amount received from that source. A monthly total for each client was calculated by adding the individual amounts from these sources.

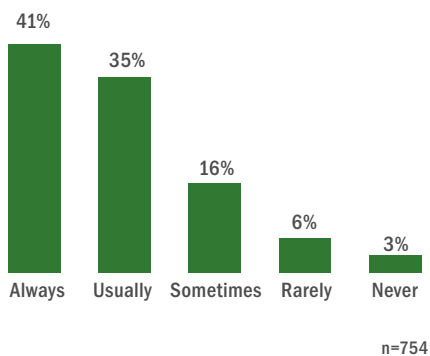
One in five clients (19%) reported having no monthly earned income, while 14% said their monthly earned income was \$4,000 or greater. Half of the participants (47%) had monthly earned incomes between \$1,000 and \$2,999.

**Monthly Earned Income**

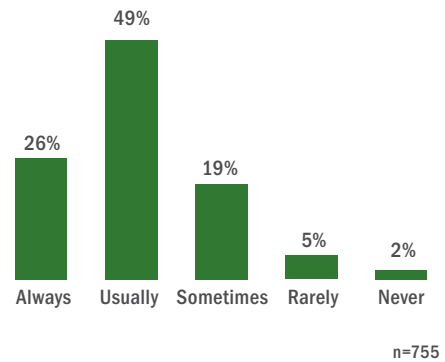


Participants were also asked how often during the previous six months (a) their income was about the same from one month to the next and (b) their expenses were about the same from one month to the next. For both income and expenses, three-quarters of clients indicated that that they were “Always” or “Usually” the same from month to month. However, income appeared to be slightly more stable than expenses, with 41% indicating that their income is always the same compared to 26% saying that their expenses are always the same.

**Thinking about the past 6 months, how often was your income about the same from one month to the next?**



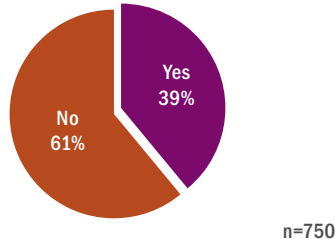
**Again thinking about the past 6 months, how often were your expenses about the same from one month to the next?**



## SAVINGS AT WAVE 1

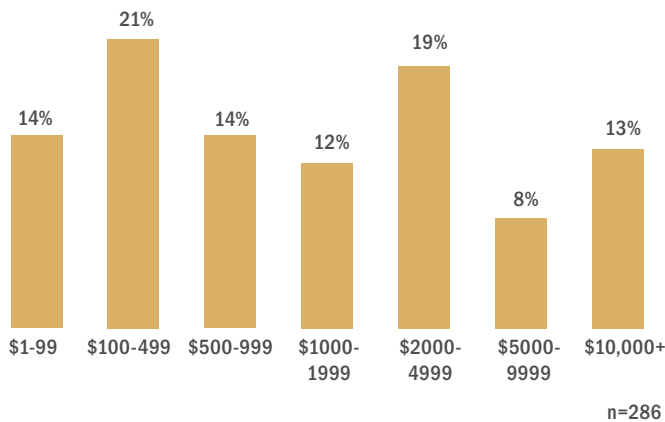
At the first wave of data collection, when asked if they currently have savings, just two in five clients (39%) responded in the affirmative.

### Do you currently have savings?



Among those participants who said they did have savings, 14% had less than \$100 and half (49%) had less than \$1,000. On the high end, one in five clients (21%) indicated that their savings was \$5,000 or more.

### What is the amount of savings you currently have?



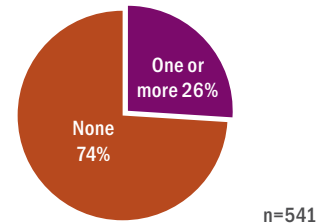
Clients were asked to report the places where they currently save money. With regard to formal short-term banking vehicles, more than half (54%) noted that they had a savings account, while one-third (36%) indicated that they had a checking account. Overall, three out of five participants (57%) had a checking account, a savings account, or both at the first wave of data collection.

Information about the following six vehicles for long-term savings was also requested:

- Certificate of Deposit (CD),
- United States savings bond,
- Individual Retirement Account (IRA),
- 401(k) or 403(b) retirement account,
- stocks not in a retirement account, and
- mutual funds not in a retirement account.

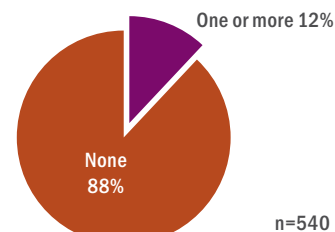
Just one in four clients (26%) reported that they had savings of this kind at the first wave of data collection.

### Number of Formal Long-Term Accounts



Informal methods of savings were also considered. Clients were asked whether or not they currently save by keeping money someplace at home, with another individual, or using a lending circle. Just one in ten participants (12%) reported using these types of informal savings vehicle at the first wave of data collection.

### Number of Informal Savings Methods



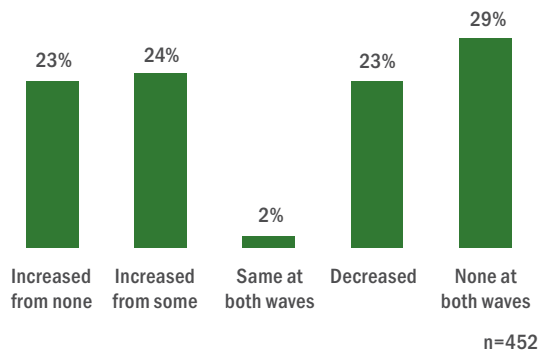
Finally, participants reported whether or not they had an Individual Development Account (IDA) at the first wave of data collection. Less than one in ten (8%) had such an account.

## CHANGE IN SAVINGS

Clients were, for the most part, successful in establishing savings if they did not have any at the outset and maintaining savings if they started with some. Of those clients who did not have savings at Wave 1, more than half (54%) reported having savings at Wave 2. Among the clients who did have savings at Wave 1, more than three-quarters (77%) continued to have savings at Wave 2. When presented with these findings at the project's final peer convening in December 2012, some of the participating practitioners explained that a reduction in savings at one point in time should not always be viewed as a negative result because a client might have used savings to address an emergency rather than going into debt or a client might be using savings to pay down debt and may resume savings when that complementary financial goal is met.

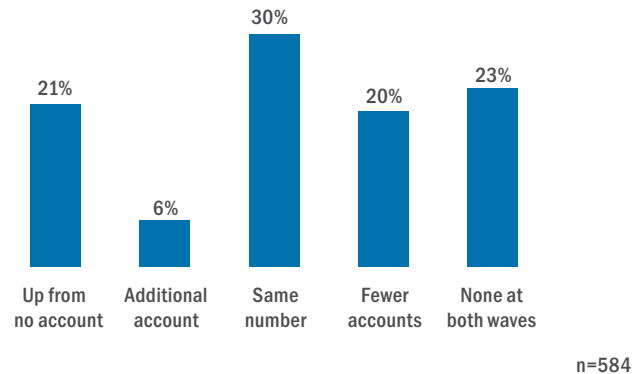
A comparison of the amount of savings at Wave 1 and Wave 2 shows that less than one-third of the clients (29%) reported having no savings at both points in time. One-quarter (23%) of clients began saving during this time, while another quarter (24%) increased the savings they already had.

### Change in Savings from Wave 1 to Wave 2



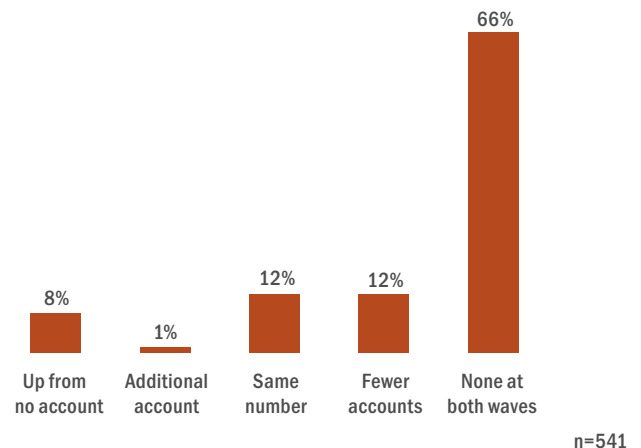
The number of places where clients saved money also changed between Wave 1 and Wave 2. One in five participants (21%) went from no formal short-term banking vehicles (i.e., savings or checking account) to at least one such account, and a similar proportion (23%) did not have a bank account at either point in time. This means that one-half (48%) of those clients who did not have a traditional bank account at Wave 1 had opened one by Wave 2.

### Change in Number of Bank Accounts



Two-thirds of clients (66%) had none of the six long-term savings vehicles<sup>11</sup> at both Wave 1 and Wave 2. There were few changes in the number of such accounts among the remaining participants.

### Change in Number of Formal Long-Term Accounts



Similarly, four out of five clients (82%) did not have an IDA at Wave 1 and Wave 2. Little change occurred for the other participants.

<sup>11</sup> Vehicles for long-term savings include: Certificate of Deposit (CD), United States savings bond, Individual Retirement Account (IRA), 401(k) or 403(b) retirement account, stocks not in a retirement account, and mutual funds not in a retirement account.

## DEBT AT WAVE 1

In determining the liabilities of clients at the first wave of data collection, two types of obligations were considered: (a) debts guaranteed by assets held and (b) debts not guaranteed by assets held. In the former category, clients were asked about a home mortgage and a vehicle loan. The latter category included 11 types of debt:

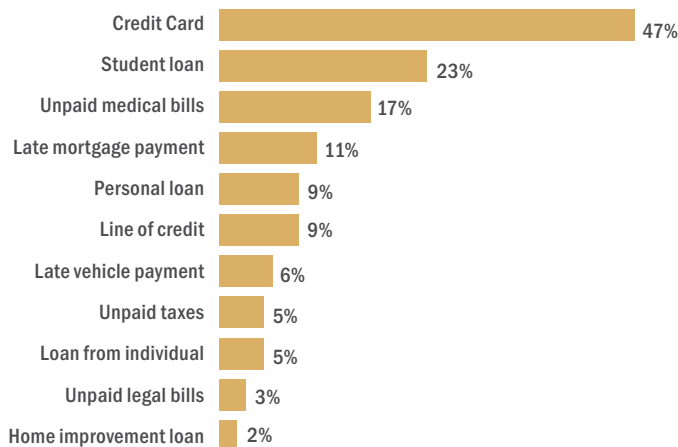
- store and credit card,
- student/educational loan,
- home improvement loan,
- personal loans,
- lines of credit,
- unpaid medical bills,
- unpaid legal bills,
- unpaid taxes,
- late mortgage payments,
- late vehicle payments, and
- money owed to private individuals.

With regard to debts secured by assets held, approximately one in four clients (26%) reported having a home mortgage, and a similar proportion (28%) had a vehicle loan.

...

In the category of unsecured debts, the most frequent liability was credit card debt, which one-half of clients (47%) reported. One in four (23%) held student loans, and 17% had unpaid medical bills. In addition, one in ten participants (11%) acknowledged having a late mortgage payment. The incidence of other types of unsecured debt was less than one in ten clients.

**Type of Unsecured Debt**  
(Percent Responding “Yes”)

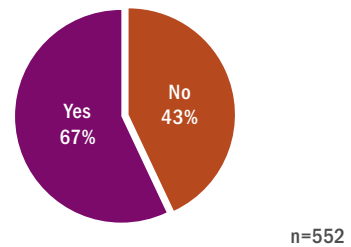


Clients who answered “Yes” to a particular type of debt not secured by assets held were also asked to report the balance owed. An unsecured debt total for each participant was calculated by adding the balances owed on all such accounts.

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Approximately two out of five clients (43%) did not report having unsecured debt in any of the 11 types listed.

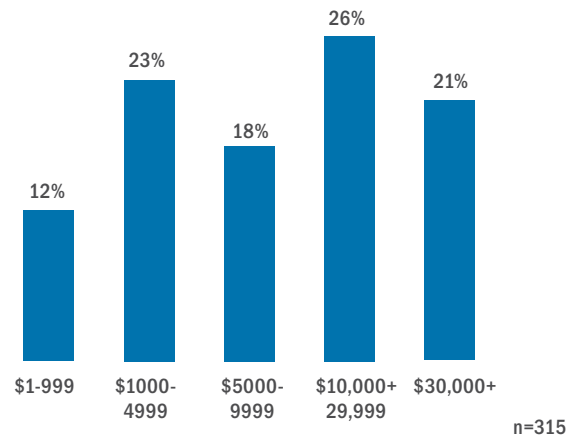
**Has Unsecured Debt**



...

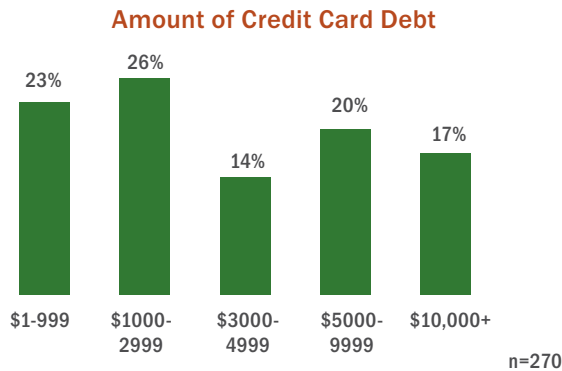
Of those clients who did have unsecured debt, almost one-half (47%) were carrying balances of \$10,000 or more. In fact, one out of five (21%) owed \$30,000 or more.

**Total Amount of Unsecured Debt**

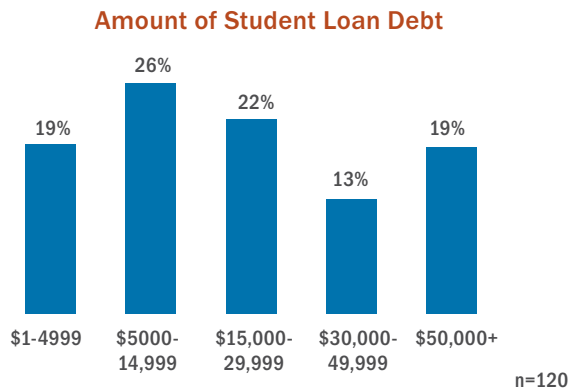




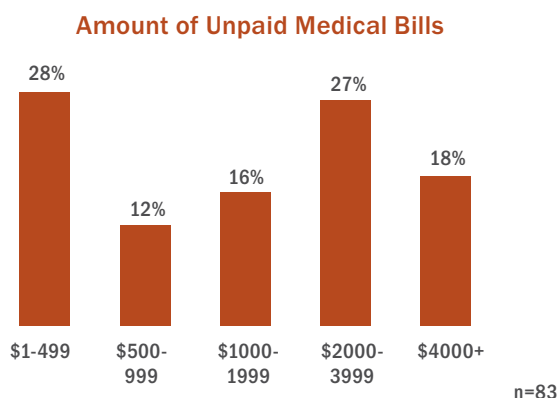
Among those clients who had credit card debt, one quarter owed less than \$1,000. On the other end of the spectrum, 17% had balances over \$10,000.



Among clients who had it, student loan debt was substantial. Four-fifths of these clients (89%) had \$5,000 or more in such debts, one-third (32%) had more than \$30,000, and one in five (19%) owed more than \$50,000.



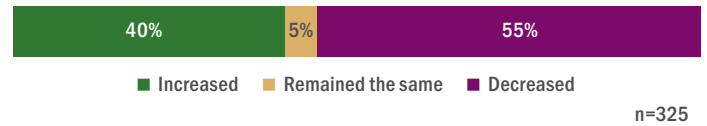
Although the amounts were lower, unpaid medical bills were also frequent debts. Slightly more than half of the clients (56%) owed less than \$2,000, and just 18% had medical debts of \$4,000 or more.



## CHANGE IN DEBT

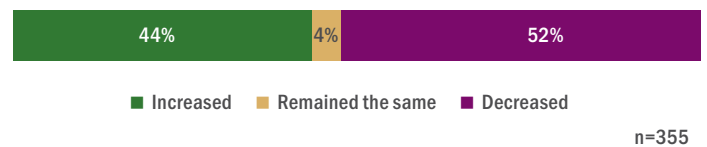
One-third of clients (33%) reported none of the 11 types of unsecured debt<sup>12</sup> in either Wave 1 or Wave 2. Of the remaining participants, over half (55%) decreased their debt and 40% increased their debt.

### Change in Total Unsecured Debt



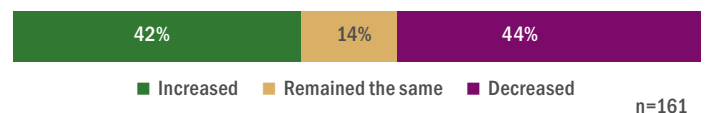
With regard to credit card debt, half of the clients (51%) reported no such debt at Wave 1 and Wave 2. Half of the participants who did have credit card debt (52%) decreased what they owed and 44% increased their credit card debt.

### Change in Credit Card Debt



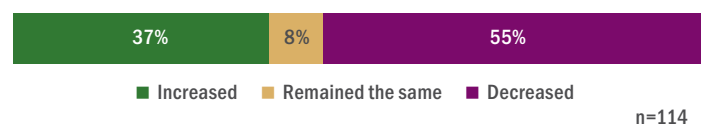
Three-quarters of clients (75%) did not have student loan debt at either Wave 1 or Wave 2. Among those that did have such debt, 44% decreased the amount and 42% experienced an increase.

### Change in Student Loan Debt



Finally, with regard to unpaid medical bills, 85% of participants had not such debt at either Wave 1 or Wave 2. Of the remainder, over half (55%) reduced the debt while 37% increased it.

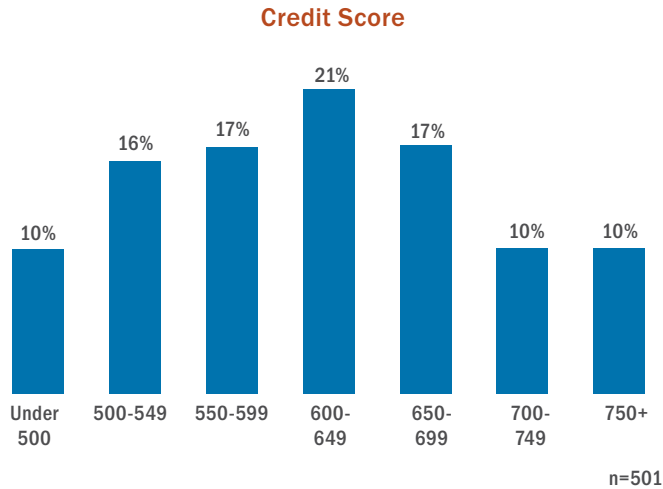
### Change in Unpaid Medical Bills



<sup>12</sup> Types of unsecured debt include: Store and credit card, student/educational loan, home improvement loan, personal loans, lines of credit, unpaid medical bills, unpaid legal bills, unpaid taxes, late mortgage payments, late vehicle payments, and money owed to private individuals.

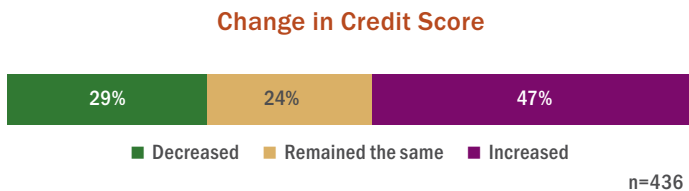
## CREDIT SCORE AT WAVE 1

Clients were also asked to report their most recent credit score. At the first wave of data collection, one in five participants (21%) had scores in the modal category of 600-649, while 10% scored under 500 and 10% scored 750 and above. The overall mean credit score was 615.



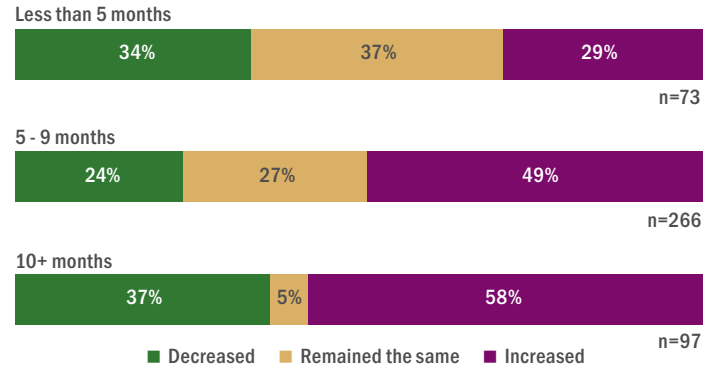
## CHANGE IN CREDIT SCORE

Between Wave 1 and Wave 2, close to one-half of the clients (47%) were successful in increasing their credit scores. The mean increase in credit score was 59 points. For a smaller group of participants (29%) credit scores declined with a mean decrease of 48 points.



When comparing the degree to which clients were successful in increasing their credit scores to the number of months that transpired between Wave 1 and Wave 2, those participants who had a longer time to practice were more likely to increase their credit scores.

## Change in Credit Score by Time Between Wave 1 and Wave 2



Younger clients were more successful than older participants in increasing their credit scores. More than half (55%) of the clients age 25-39 increased their credit scores, while 43% of those age 40-54 and 41% of those age 55 and over did so. With regard to gender, female clients were more likely to increase their credit scores than male participants (51% vs. 39%).

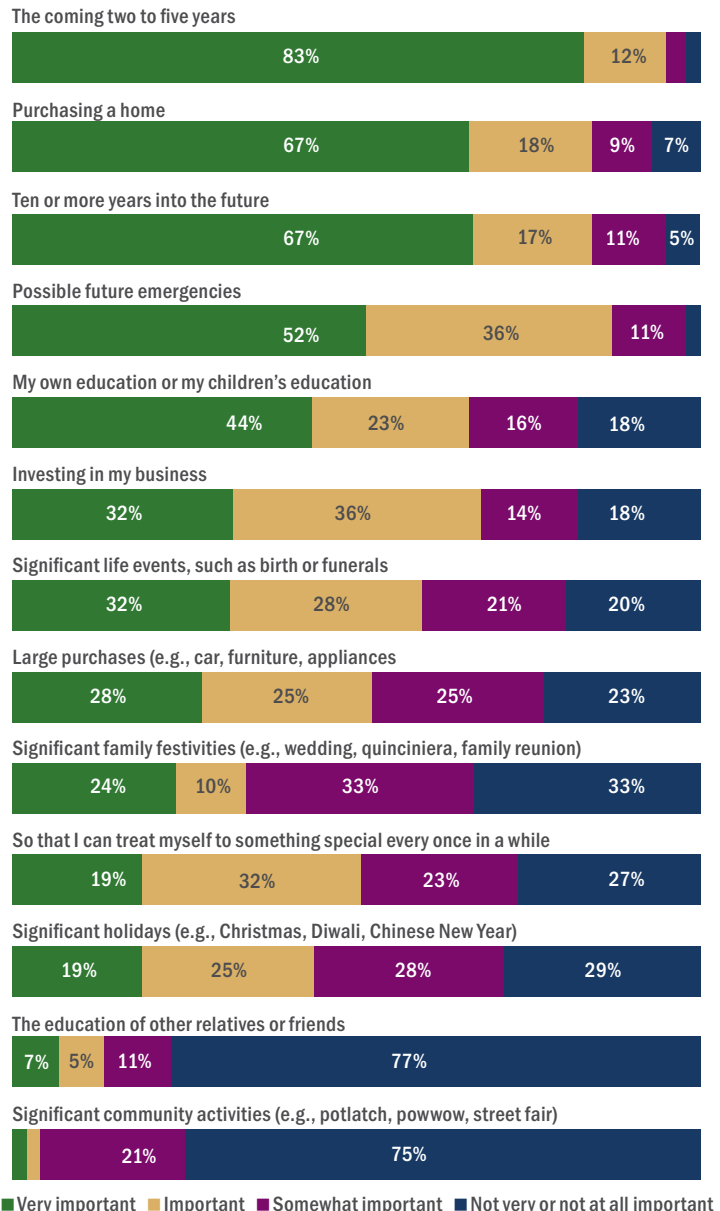
Regardless of the focus of their coaching, clients in every category experienced some success in increasing their credit scores. However, this varied across the coaching topics. Clients were classified into one of six categories based on their initial coaching goals. Participants who mentioned building or starting a business at any point in their statement were placed in the “Business” category. Those indicating an interest in purchasing a home, regardless of their other objectives, were placed in the “Homeownership” category. Clients who only mentioned reducing debt were placed in a third category, and those seeking to improve their credit and/or credit score were in a fourth. Participants noting only saving, only budgeting, or a combination of both saving and budgeting comprise the fifth category. The sixth category, labeled “Comprehensive,” is made up of those clients who mentioned general financial capability or who stated a combination of credit and/or debt plus saving and/or budgeting.

## ATTITUDES TOWARD SAVING

A total of 58 clients from five organizations were asked about how important they feel it is to save for 13 different purposes. It was emphasized that clients should indicate how important they believe savings is in each of these situations regardless of what they are actually doing now.

At Wave 1, more than half of the clients indicated that it was very important for them to save for the coming two to five years (83%), to purchase a home (67%), for ten or more years into the future (67%), and for possible future emergencies (52%). The least important reasons for saving were the education of relatives other than children and friend, and significant community activities, such as a potlatch, powwow, or street fair.

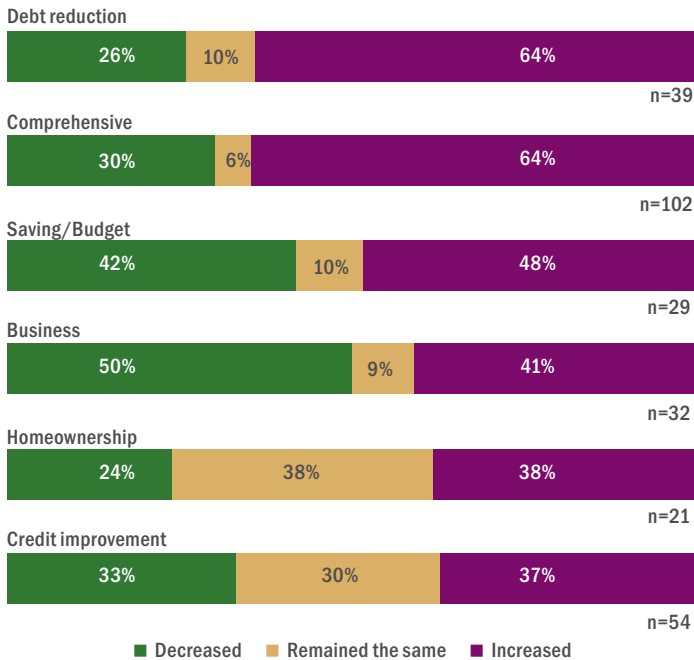
### How important is it for you to save money for each of the following situations?



Legend: Very important (green), Important (yellow), Somewhat important (purple), Not very or not at all important (dark blue)

Those participants who initially presented with debt reduction goals or were seeking a comprehensive understanding of a broad array of financial topics were the most likely to successfully increase their credit scores. The participants who tended to be least successful were those focusing on homeownership and credit improvement. It should be noted that there may be an interaction effect between focus of coaching and number of months between Wave 1 and Wave 2 which might influence these outcomes. For example, unlike the other groups, the Homeownership category had a large proportion of clients (30%) who had less than five months between the two waves of data collection.

### Change in Credit Score by Focus of Coaching



### Analysis of Supplemental Data

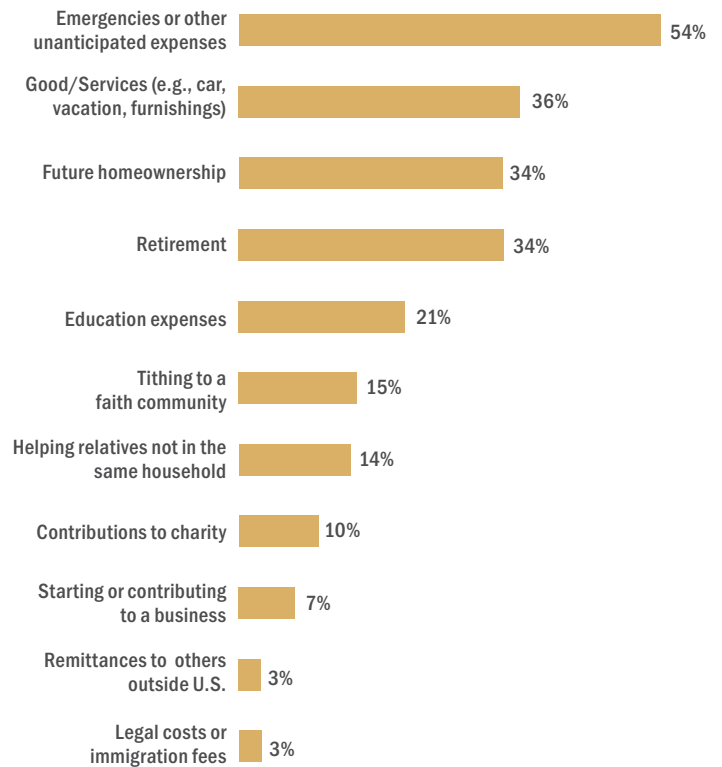
The second set of findings are from two waves of data collected from multiple groups; this data came from a subset of organizations specifically collecting data from coaching clients on additional aspects of financial attitudes and behaviors related to saving, credit and debt. The review focused on which data collection tools were used most often in combination with the survey used in common by all organizations, and where it would be useful to aggregate the information to illustrate additional aspects of client progress.

## SAVING BEHAVIOR

A total of 133 clients from nine organizations were asked about the purposes for which they were saving. Eleven different saving reasons were noted; participants indicated whether or not they were currently saving for each purpose.

By far the most frequent reason for saving money was for emergencies or other unknown, unanticipated expenses (54%). This was followed by three other purposes for which one-third of clients save: specific goods and services, such as a car, a vacation, or home furnishings; future homeownership; and retirement. Less than one in ten clients was saving for three other purposes: starting or contributing to a business; remittances, that is, sending money to others outside the United States; and legal costs or immigration fees.

### Purpose for Which Save Money (Percent Responding “Yes”)



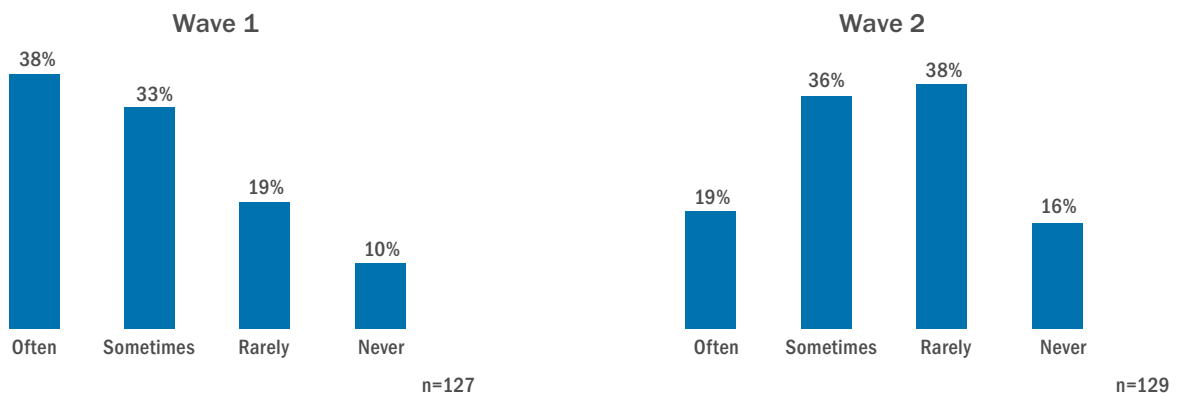
Comparing client responses over time, there is a substantial proportion of participants who at Wave 1 said they did not save for a particular reason, but at Wave 2 indicated that they were saving for that purpose. The most dramatic change from No to Yes was in emergencies (60%), followed by goods and services (29%), future homeownership (25%) and retirement (17%).

At times, people put aside money for a certain reason, but end up using it for something else. Clients were asked how often they find themselves spending savings intended for a particular purpose on something different. At Wave 1, almost two out of five clients (38%) indicated that this often happens to them, while just 29% responded rarely or never.



Wave 2 showed a substantial shift in the frequency with which participants spend saved money for something other than its original purpose. In fact, at Wave 2, over half of clients (54%) say this rarely or never happens, while just 19% noted that this situation occurs often.

### When you save money for a particular purpose, how often do you find yourself spending it on something else?

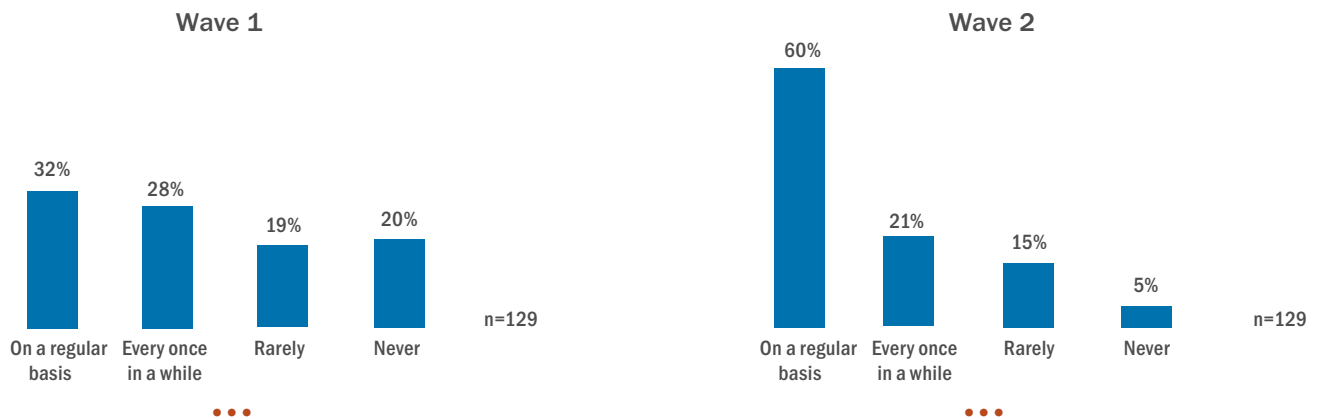


Clients were asked for whom they put money aside as savings by responding to a list of possible beneficiaries. Half of the participants (49%) indicated that they save for their children under 18 living at home. Only one in ten (11%) saves for household members over the age of 18; 10% save for family members or relatives who live outside the household; and 8% save for other individuals. There were no major differences in clients' responses to this question between Wave 1 and Wave 2.

In a separate data collection effort, a total of 129 clients from seven organizations were asked about how often they saved and how the amount they were currently saving compared to 12 months ago. At Wave 1, just one-third of clients (32%) put money aside as savings on a regular basis, while one out five participants (20%) said they never save.

A comparison of the responses in Wave 1 and Wave 2 shows a substantial shift in the frequency with which clients put aside money as savings. In fact, at Wave 2, three out of five participants (60%) saved on a regular basis, and just one in twenty (5%) never put aside money as savings.

### How often do you put money aside as savings?



A comparison of the responses of individuals between Wave 1 and Wave 2 shows that 37% of clients who were not saving on a regular basis began to do so. Those clients who responded "Every once in a while" at Wave 1 had the most substantial change. At Wave 2, 44% of these clients said they saved on a regular basis. Similarly, among those who initially responded "Rarely" or "Never," 29% said they saved on a regular basis at Wave 2.

Clients were also asked to compare how much they were saving in the year before they began the coaching program with how much they were saving at Wave 1. Participants were evenly dispersed across three categories: saving more now than 12 months earlier, saving about the same amount now as 12 months earlier, and saving less now than 12 months earlier. By Wave 2, the distribution had substantially changed. Almost two-thirds of clients (65%) said that they were saving more than 12 months earlier, and just 14% were saving less.

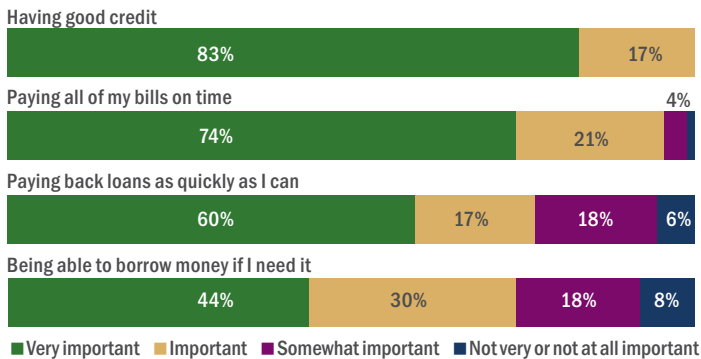
### Thinking about how much you were saving 12 months ago and how much you are saving now, how has your savings changed?



## ATTITUDES TOWARD CREDIT AND DEBT

A total of 114 clients from five organizations were asked about how important certain aspects of credit and bill paying are to them. Participants were instructed to respond along a spectrum of importance to them. It was emphasized that clients should indicate how important they believe these things are regardless of what they are actually doing now.

### How important is each of the following to you?



There were no major differences in responses between Wave 1 and Wave 2, although clients in the second wave felt that it was slightly more important to be able to borrow money if they needed it and pay back loans as quickly as possible.

Clients were also asked whether or not they feel it is acceptable to take on debt for each of five stated purposes. Almost all participants (94%) believed it is acceptable to incur debt when buying a home. Debt for purchasing an automobile (73%) and paying for educational expenses (68%) were also acceptable to three-quarters of participants. Relatively few participants, however, indicated that debt should be taken on to purchase major household goods (30%), such as appliances and furniture, or personal expenses (14%), such as clothing and entertainment. There was very little difference between Wave 1 and Wave 2 in the acceptability of taking on debt for these purposes.

In a separate data collection effort, a total of 86 clients from six organizations were asked to assess their personal feelings about credit, debt, and bills. Participants responded to seven statements by indicating whether they believed each assertion is “Mostly true” or “Mostly not true.”

## Client Feelings about Credit and Debt

The effort it takes to establish credit is well worth it.



I would rather do without something than go into debt to get it.



Some bills are more important to pay than others.



I am confident that I can pay all my bills on time.



I know how to get a copy of my credit report.



I know what to do to build or improve my credit.



I can read and understand my credit report.



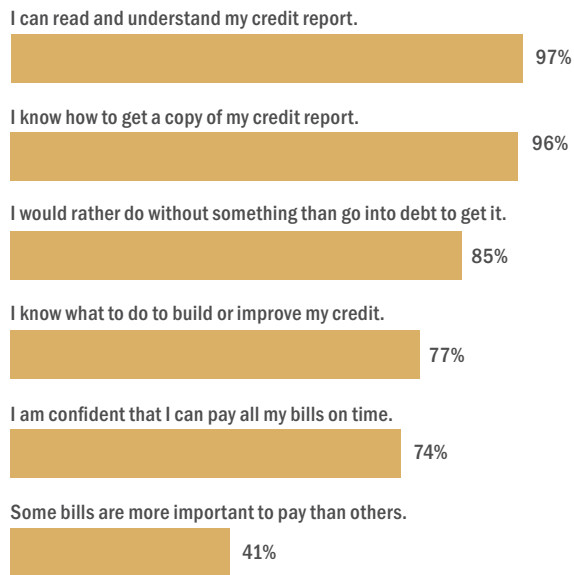
Legend: Mostly true (green), Mostly not true (orange)

At Wave 1, clients responded quite positively to these statements. Almost every participant (93%) agreed that the effort to establish credit is well worth it, and three in four (76%) would rather do without something than go into debt to get it. With regard to bills, 74% said that some bills are more important to pay than others are, and 72% were confident that they can pay all of their bills on time. Responses about getting and understanding credit reports and knowing how to build or improve credit were not as strong, but still more than half of the clients replied in the affirmative.

Comparing client responses over time, there are marked changes in attitudes among those who initially said that these statements were mostly not true. A substantial proportion of these clients later felt differently, with high percentages of them responding mostly true at Wave 2.

## Change in Client Feelings about Credit and Debt at Wave 2

(Among Clients Responding Mostly Not True at Wave 1)

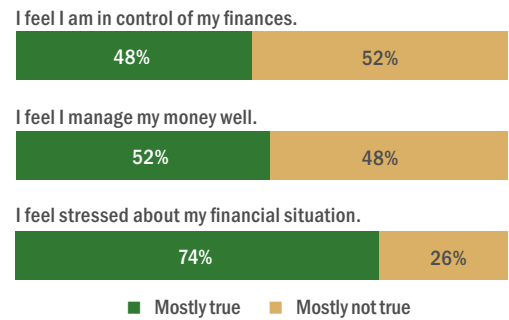


### ATTITUDES TOWARD FINANCIAL SECURITY

A total of 87 clients from five organizations were asked how they feel about managing their finances and their financial security. Clients also assessed how much confidence they have that they could weather a financial crisis should it occur.

Clients were split when expressing their feelings about being able to manage their financial situation, with approximately half responding favorably. In addition, three out of four participants (74%) acknowledged feeling stressed about their financial situation.

## Client Feelings about Managing Finances



Over time, clients became more positive about their ability to manage their finances. Of the participants who initially said they did not feel in control of their finances, more than one-third (38%) felt otherwise at Wave 2. Similarly, of those who initially said they did not feel they managed their money well, almost one half (47%) felt they did so at Wave 2. Even more striking is that 62% of the clients who initially felt stressed about their financial situation no longer reacted in that way.

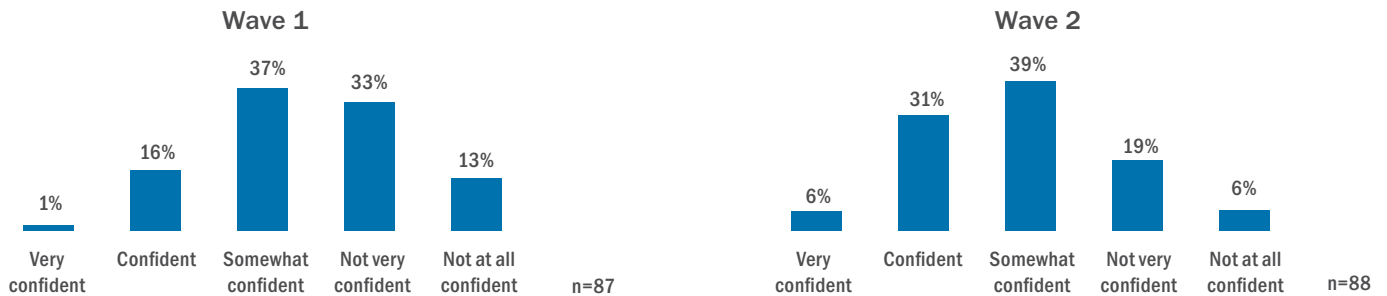




When asked about how confident they are about weathering a financial crisis, almost half (46%) of clients at Wave 1 said they were not very confident or not at all confident, while just 17% responded very confident or confident.

A comparison of the responses in Wave 1 and Wave 2 shows a substantial shift in confidence level. In fact, at Wave 2, more than one-third of clients (37%) said they were very confident or confident, while 25% responded not very or not at all confident.

### How confident are you that you could weather a financial crisis if it should occur?



A comparison of the responses of individuals between Wave 1 and Wave 2 indicates that those with the lowest initial levels of confidence were more likely to increase their confidence over time. Ninety percent (90%) of clients who at the outset were not at all confident in being able to weather a financial crisis became more confident by Wave 2. Similarly, 59% of clients who were not very confident and 26% of clients who were somewhat confident increased their confidence between Wave 1 and Wave 2.



## Key Evaluation Conclusions

At the outset, clients who participated in financial coaching through the demonstration project expressed beliefs that reflected an understanding of the importance of certain elements of financial management. For example, saving for both short-term and long-term needs as well as for a home and, to a lesser degree, unanticipated emergencies were generally rated as important. Similarly, the acceptability of incurring debt for a home, automobile, or educational expenses was much higher than for the purchase of household goods or personal expenses. Clients were also likely to say that the effort it takes to establish credit is well worth it and that they would rather do without something than go into debt for it. These beliefs did not change dramatically over time, although participants who initially lacked this understanding did begin to acquire it.

However, after beginning coaching, many clients began behaving in a manner more consistent with their beliefs and what they learned as a result of their participation in financial coaching. A high proportion of those who were not saving started to save, and those who were not saving on a regular basis began to do so. Many who did not have traditional bank accounts opened them. Clients reported saving more now than in the past and noted that when they save money for a particular purpose they are now less likely to

spend it on something else. In addition, participants with unsecured debt often decreased the amounts owed, and the outstanding balances on credit cards, student loans, and unpaid medical bills declined for many clients.

Subsequently, clients were more confident in themselves and their financial situation. A greater number of participants reported knowing how to obtain and understand their credit report and how to build or improve their credit. There was also a substantial increase in feelings of financial security. More participants believed that they managed their money well, and more felt in control of their finances. The proportion of clients who said they feel stressed about their financial situation decreased dramatically. Furthermore, participants became more confident that they could weather a financial crisis if it should occur.

A significant overall outcome of coaching was the positive impact on clients' credit. Close to one-half of the participants improved their credit scores, with a mean increase of almost 60 points. Women and those age 25-39 years old tended to be more successful in this regard, and those clients who had a longer time to practice were more likely to increase their credit scores.



## V. NeighborWorks America's Next Steps

With continued funding from the Citi Foundation, NeighborWorks America is pleased to have the opportunity to build on lessons learned from the demonstration through its national training, technical assistance, evaluation programs, and grant support for the NeighborWorks Network. During the next phase of the project, NeighborWorks will be pursuing the following initiatives:

- Developing and broadly offering two new training courses on financial coaching and capability topics, including an advanced coaching course for practitioners and a course on using the Success Measures financial capability outcome measures and tools to evaluate a range of programs along the asset building and financial capability continuum;
- Creating a financial capability specialized certification within the NeighborWorks Training Institute through the NeighborWorks Center for Homeownership Education and Counseling (NCHEC);
- Conducting outreach through partner organizations to recruit and provide technical assistance support to up to 20 additional organizations interested in evaluating their financial capability programs using the Success Measures evaluation approaches, tools and technology;
- Creating field-building communication strategies, materials, and events to more widely disseminate the learning from the demonstration project.

As part of its current five-year strategic plan, NeighborWorks America is expanding its training and technical assistance support to members of the NeighborWorks Network of independent local organizations across the US, to expand or deepen their financial capability programs, report on progress, and document outcomes.

To support ongoing tracking of client outcomes, Success Measures has provided organizations that participated in the demonstration project with extended free access to the Success Measures Data System. Success Measures also plans to integrate its financial capability outcome measurement tools into a new set of measures to assess outcomes of the range of financial education, workforce and human service programs offered under the “resident services” umbrella of multifamily affordable housing programs.



## VI. Appendix

- Financial Capability Demonstration Project Participating Organizations
- Success Measures Data Collection Tool for Demonstration Cohort
- Analysis of Financial Clinic Evaluation Findings
- Financial Capability Training Impact Survey Executive Summary

## Financial Capability Demonstration Project Participating Organizations

ORGANIZATION	CITY	STATE	COACHING PROGRAM FOCUS
Asian Americans for Equality (AAFE)	New York	NY	One-on-one coaching offered as part of homeownership program
Bedford Stuyvesant Restoration Corp.	Brooklyn	NY	One-on-one and group coaching on money management, financial planning, credit and debt
Beyond Housing	St. Louis	MO	One-on-one coaching offered as part of IDA program
Branches (formerly South Florida Urban Ministries)	Miami	FL	One-on-one coaching offered as part of an integrated service delivery model
Brand New Day (BND)	Elizabeth	NJ	One-on-one coaching offered as part of homeownership program
Cabrillo Economic Development Corp. (CEDC)	Ventura	CA	One-on-one coaching offered as part of homeownership program
Capital Area Asset Builders (CAAB)	Washington	DC	One-on-one and group coaching on money management, financial planning, credit and debt
CASA De Maryland	Langley Park	MD	One-on-one coaching on money management, financial planning, credit and debt
Chicago Urban League	Chicago	IL	One-on-one coaching on money management, financial planning, credit and debt
Community Development Corp. - Long Island (CDCLI)	Centereach	NY	One-on-one coaching offered as part of homeownership program
Community Housing Works (CHW)	San Diego	CA	Coaching integrated as an approach throughout the organization
Delaware Financial Literacy Institute (DFLI)	Claymont	DE	Group coaching on money management, financial planning, credit and debt
The Financial Clinic	New York	NY	One-on-one coaching offered on multiple aspects of personal financial development.
Financial Guidance Center	Las Vegas	NV	One-on-one coaching on money management, financial planning, credit and debt
Foundation Communities	Austin	TX	One-on-one and group coaching on money management, financial planning, credit and debt
FSW, Inc.	Bridgeport	CT	Coaching approach integrated into existing programs
Housing Development Fund (HDF)	Stamford	CT	Coaching approach integrated into existing programs
Jewish Vocational Services (JVS)	Chicago	IL	One-on-one coaching on money management, financial planning, credit and debt
Lakota Funds	Kyle	SD	One-on-one coaching on money management, financial planning, credit and debt
Latino Community Credit Union (LCCU)	Durham	NC	One-on-one coaching on money management, financial planning, credit and debt
Latino Economic Development Corp. (LEDC)	Washington	DC	One-on-one coaching on money management, financial planning, credit and debt
Mexican American Opportunity Foundation (MAOF)	Montebello	CA	One-on-one coaching on money management, financial planning, credit and debt
Mission Economic Development Agency (MEDA)	San Francisco	CA	Coaching integrated as an approach throughout the organization
The Neighborhood Developers (TND)	Chelsea	MA	One-on-one and group coaching offered as part of an integrated service delivery model
Neighborhood Housing Services of New York City (NHS of NYC)	New York	NY	One-on-one coaching on money management, financial planning, credit and debt
NeighborWorks Orange County	Anaheim	CA	One-on-one coaching on money management, financial planning, credit and debt
North Texas Housing Coalition (NTHC)	Dallas	TX	One-on-one coaching offered as part of homeownership program
The Unity Council	Oakland	CA	Coaching integrated as an approach throughout the organization
Urban League of Broward County (ULBC)	Fort Lauderdale	FL	One-on-one coaching offered as part of an integrated service delivery model
YWCA Dallas	Dallas	TX	One-on-one coaching on money management, financial planning, credit and debt



Coaching focus (to be completed by coach)

Focus of coaching

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### HOUSEHOLD COMPOSITION

1. Other than yourself, how many people live in your home?

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2. What language is most often spoken in your home?

English

Spanish

Other Specify: \_\_\_\_\_

3. Now, we would like some information about you as an individual.

Gender:  Male  Female  Transgender

4. In what year were you born? \_\_\_\_\_

5. Do you consider yourself as Hispanic, Latino, or Latina?

Yes, Hispanic/Latino/Latina

No, not Hispanic/Latino/Latina

6. What is your race?

Black/African American

Caucasian/White

American Indian/Aleut/Eskimo/Alaska Native

Asian

Native Hawaiian/Pacific Islander

Mixed race

### INCOME

EARNED INCOME SOURCES	Has Income Source		Monthly Amount	Documentation Provided	
	Yes	No		Yes	No
Wages or salaries <input type="radio"/> Gross amount <input type="radio"/> Net amount					
Income from tips					
Income from self employment (e.g., contractor, licensed day care provider, taxi driver, shop owner)					
Income from casual or informal work (e.g., day labor, babysitting)					
Stipends (e.g., educational, work program participation)					
Income from rental property					
Other earned income (Specify)					
<b>Total Monthly Income from Earned Income Sources</b>					

8. Thinking about the past 6 months, how often was your income about the same from one month to the next?

Always  Usually  Sometimes  Rarely  Never

9. Again thinking about the past 6 months, how often were your expenses about the same from one month to the next? Would you say ... ?

Always  Usually  Sometimes  Rarely  Never

### CREDIT and DEBT

10. What is your current credit score? \_\_\_\_\_

Date of credit score: \_\_\_\_\_

Company: \_\_\_\_\_

Documentation Provided

Yes  No

11. Do you currently have a mortgage on a home?

Yes  No

12. Do you currently have a vehicle loan?

Yes  No

<sup>13</sup> This data collection tool was created by drawing on the Success Measures Financial Capability Data Collection Tool Set and was used in common by all 30 organizations participating in the Financial Capability Demonstration Cohort. For more information on the complete tool set please see <http://www.successmeasures.org/fctools.html>.

13. Not including a mortgage or vehicle loan, do you currently have debt?

- Yes  No

14. If you answered yes, how much debt do you currently have? (not including mortgage or vehicle loan) \_\_\_\_\_

15. Not including your mortgage or vehicle loan, what type of debt do you have?

Debts not Guaranteed by Assets Held	Has Debt		Balance Owed	Documentation Provided	
	Yes	No		Yes	No
Store and credit card debts					
Student/Educational loans					
Home improvement loans					
Personal loans from a bank or credit union (except student or home improvement loans)					
Money owed on lines of credit					
Unpaid medical bills not covered by insurance					
Unpaid legal bills					
Unpaid taxes					
Late mortgage payment					
Late vehicle payment					
Money owed to private individuals					
Other debts not guaranteed by residence or other assets (Specify)					
<b>Total Debts Not Guaranteed by Assets Held</b>					

16. In what ways, if any, do you manage these types of debts? That is, in light of your living expenses and other bills, how do you handle repayment of these debts?

**SAVINGS**

17. Do you currently have savings?

- Yes  No

18. If yes, what is the amount of savings you currently have? \_\_\_\_\_

19. Please put a check next to the places where you currently have saving?

- Someplace at home
- Savings account
- Checking account
- A Certificate of Deposit, sometimes called a CD, for a set period of time at a bank or credit union
- United States savings bond
- Individual Development Account, sometimes called an IDA, where the money deposited for homeownership or education is matched with additional funds
- Individual Retirement Account, sometimes called an IRA
- 401(k) or 403(b) retirement account
- Stocks not in a retirement account
- Mutual funds not in a retirement account
- Lending circle, where individuals combine their funds to make loans to those who need them
- With another individual
- Someplace else Specify: \_\_\_\_\_

## Analysis of Financial Clinic Evaluation Findings

A relatively large organization, *The Financial Clinic* (the “Clinic”) also participated in the Financial Capability Demonstration Project in a special capacity. The Clinic, a New York City-based organization, has a well-established coaching program across 32 sites in the New York metro area. The Clinic was added to this project as a way to bring additional organizational and practitioner expertise to the project’s peer learning component as well as to apply the project’s evaluation metrics to its already robust data collection efforts. The Clinic’s distinct approach, characterized by a high degree of transparency, reflection, and willingness to challenge conventional wisdom, strengthened and enriched the overall learning of the demonstration cohort.

Based on its existing evaluation and data tracking processes, the Clinic’s approach differed from the overall cohort’s evaluation. The Clinic gathered one round of data from 751 of its clients using the data collection tool used in common by all cohort organizations. Compared to the data from the cohort as a whole there were a few notable differences in the clients served by the Clinic. For example, the clients served by the Clinic were younger and tended to live in smaller households (44% of the cohort clients were 18 – 39 while 64% of the Clinic’s clients were in that range; 32% of cohort clients lived in one or two person households, while 73% of the Clinic’s clients were in one or two person households.) In addition, the Clinic’s clients had lower levels of earned income, with 66% having no monthly earned income compared to 21% of the cohort client’s having no earned income. Saving rates at the start of coaching also differed with 39% of the cohort’s clients having some savings and only 9% of the Clinic’s clients having savings at the start of coaching. The Clinic reported that, similar to other cohort organizations, this baseline information was helpful in providing a more nuanced understanding of their customers’ debt and savings information. They were surprised about the amount of student debt that their clients faced and the pervasiveness of medical debt. The information also helped Clinic staff deepen their understanding of the level of financial insecurity that their customers face when they seek their services.

Since its inception, the Clinic has routinely collected a wide range of data on its coaching programs. Because of this experience and its coaching approach, the Clinic was inter-

ested in moving beyond tracking to better understand how its customers make financial decisions. Rather than continuing to follow the general cohort evaluation protocol, the Clinic structured its use of the Success Measures evaluation tools to explore the following key research questions:

- How do customer attitudes and barriers affect their successful achievement of financial security?
- How does one’s confidence affect one’s success in achieving financial security?
- How does one’s family and community culture influence one’s financial decision?
- Which barriers most and least hinder successful achievement of financial security?
- Which attitudes most hinder or help successful achievement of financial security?
- Which attitudes change most often in our financial development model?

In order to gain insight into these questions, the Clinic focused on a core group of 198 individuals, referred to as “Financial Security Customers.” These customers each attended at least two coaching meetings and committed to working on at least one personal financial milestone. For each client, the focus of coaching at the Clinic was in one of six areas: assets, debt, money management, credit score, other credit issue, or something else. Of particular interest were five client financial outcomes: (1) improved credit score, (2) reduced debt, (3) consistent saving, (4) increased use of mainstream banking, and (5) saving money from a tax refund.

All Financial Security Customers participated in two waves of data collection in 2011 and 2012. In addition to the data gathered on the tool used by all cohort organizations, the Financial Clinic also deployed four additional survey tools to gather data on feelings of financial security and attitudes about and access to resources, as well as adding a set of additional questions.<sup>14</sup> In addition, the Clinic enhanced its evaluation data by adding information available from its internal database to track achievement of specific client goals.

<sup>14</sup> Success Measures Financial Capability tools used included Asset Cushion, Access to Resources; Attitudes Toward Financial Situation—Security; Attitudes Toward Use of Financial Resources –Importance; Social Networks and Informal Exchange --Connections.

## DEMOGRAPHICS

More than three-quarters of the clients who participated (76%) were 20 to 49 years of age, and women outnumbered men two to one. Half of the clients (50%) self-identified as black or African American, with other races modestly represented: 4% were white or Caucasian, 3% multi-racial and 4% Asian. However, a large number of respondents identified as Other (32%) and 7% chose not to respond.

Age	
20 - 29	28%
30-39	29%
40-49	18%
50-59	12%
60+	13%
	100%
	(n=198)

Gender	
Male	33%
Female	67%
No Response	3%
	100%
	(n=198)

Race	
African American	50%
White	4%
Multi-racial	3%
Asian	4%
Other	32%
No Response	7%
	100%
	(n=198)

Well over half of the clients (60%) self-identified as being Hispanic, Latino, or Latina. When asked about the language most often spoken at home, 63% noted English while one-third (6%) indicated Spanish and 1% specified some other language and almost a third (30%) chose not to respond. Two thirds of the respondents lived in small one or two person households, 43% and 24% respectively. There were only a very small number of large households with five or more persons (2%) and the remaining clients were about evenly distributed across households consisting of three or four people.

Hispanic, Latino, Latina	
Yes	60%
No	31%
No Response	9%
	100%
	(n=198)

Language Spoken at Home	
English	63%
Spanish	6%
Other	1%
No Response	30%
	100%
	(n=198)

Household Size	
1 person	43%
2 people	24%
3 people	17%
4 people	11%
5+ people	2%
	100%
	(n=198)

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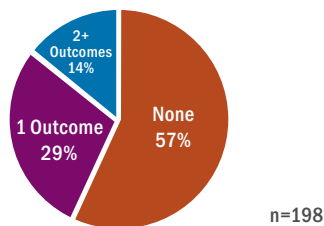
## CLIENT FINANCIAL OUTCOMES

To measure success in achieving client financial outcomes, the Clinic compared results at Wave 2 to those at Wave 1. A higher score at Wave 2 than at Wave 1 indicates an improved credit score. Similarly, debt reduction is a lower total unsecured debt balance at Wave 2 than at Wave 1. Consistent saving refers to either preparing a savings plan and achieving two successes or starting with savings and increasing it between Wave 1 until Wave 2. Increased use of mainstream banking includes any of the following: opening a savings account, opening a checking account, establishing direct deposit, or decreasing banking fees.



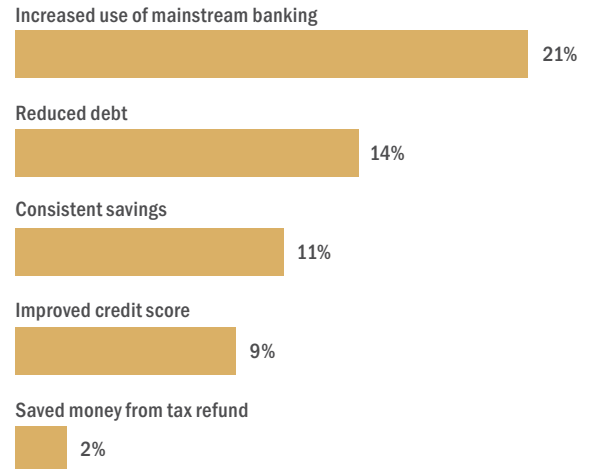
More than two in five clients (43%) achieved at least one of the five client outcomes of interest to the Clinic. Thirteen (13) percent accomplished two or more.

### Number of Outcomes Achieved



An analysis of the five specific outcomes indicates that the most frequently achieved outcome was increased use of mainstream banking (21%). This was followed by reduction in debt (14%) and consistent savings (11%). Credit score increases occurred for just one in ten clients (9%), and only 2% saved their tax refunds. The data collection timeframe may have been too short to capture all the credit score increases. Scores typically rise between 4 to 6 months after initial steps are taken to remove errors from credit reports; identity theft (higher rates for low-income households) often take upwards of 9 months to clear from credit files.

### Type of Outcomes Achieved



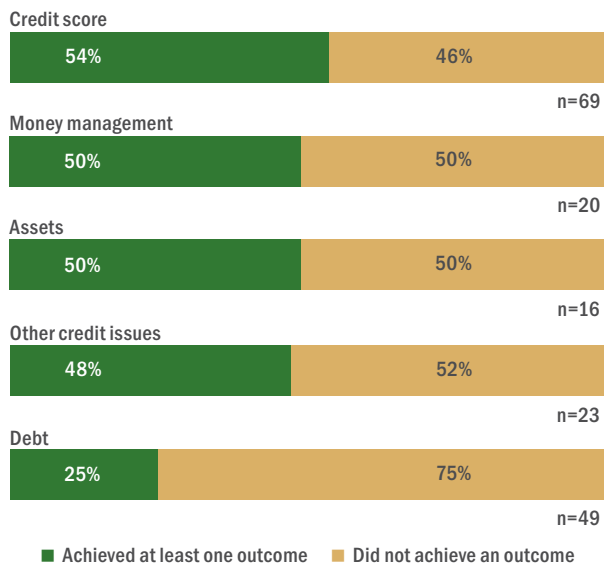
It is useful to note that customers may experience positive progress because of financial coaching, but is not reflected in outcome data. For example, a customer may be struggling with student loans and a financial coach can assist the customer with entering an income-based repayment program or getting into a rehabilitation program after a default. Neither actually reduces debt but allows the customer to pay down the debt at a more comfortable pace or open up new repayment options in the future.

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## FOCUS OF COACHING

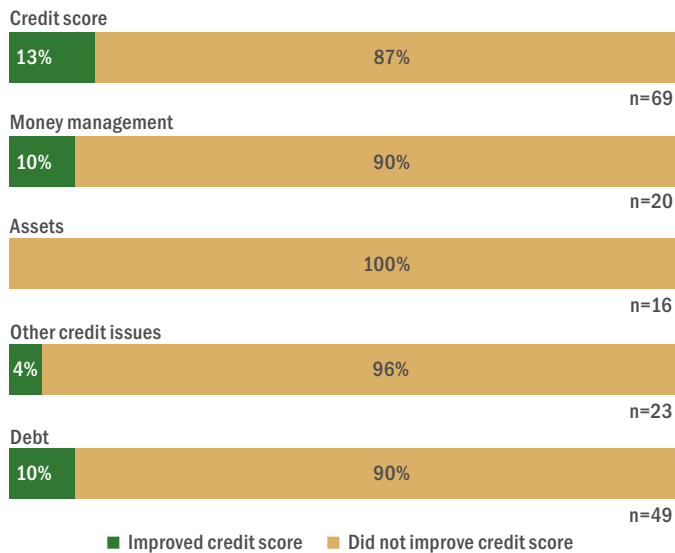
Of the five major areas of coaching among Financial Clinic clients, those focusing on debt reduction tended to be less effective in achieving at least one financial outcome. Those concentrating on credit scores, money management, assets, or other credit issues were more likely to be successful in achieving at least one outcome. This may be due to the Clinic's focus on asset-oriented outcomes. While many customers access the services because of a deficit-oriented goal (debt, credit distress), the Clinic's financial coaches are trained to address the presenting issue concurrently with planning on how to achieve more positive outcomes like increasing savings or improving banking options.

### Outcome Achievement by Focus of Coaching



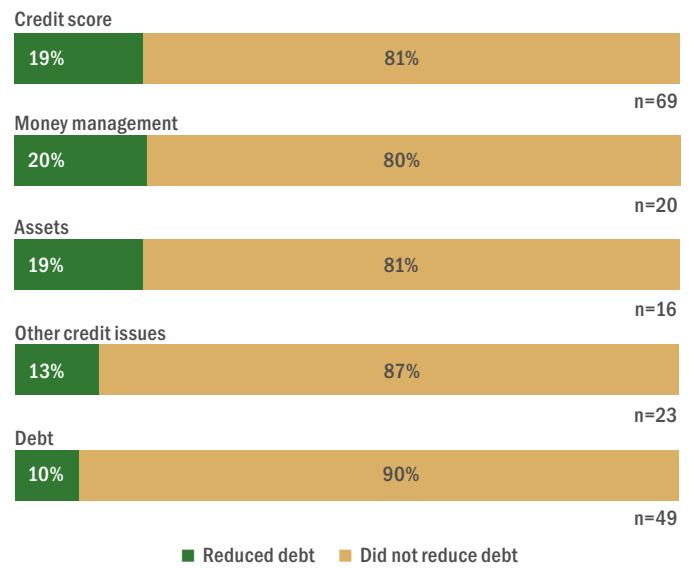
Achievement of each of the five financial outcomes can also be analyzed by focus of coaching. Those clients concentrating on improving their credit score were the most likely to experience an increase in credit score from Wave 1 to Wave 2.

### Credit Score Increase by Focus of Coaching



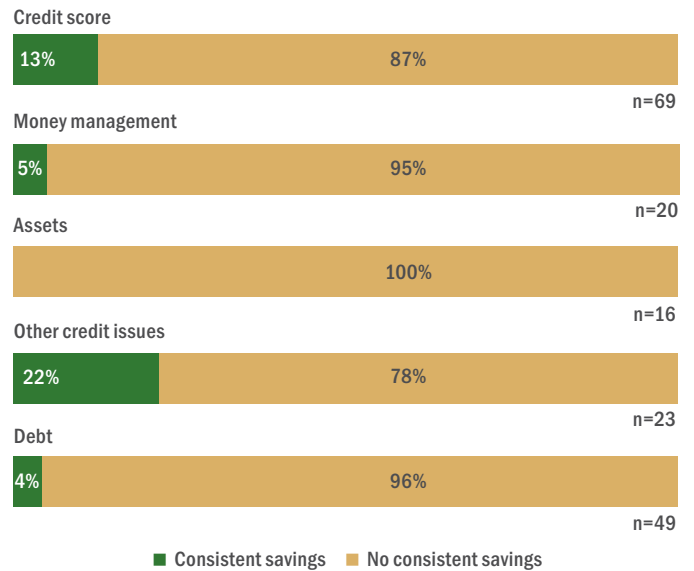
The clients whose coaching was focused on debt were actually the least likely to owe less at Wave 2 compared to Wave 1. Debt reduction was most successful among those whose focus of coaching was credit score, money management, and assets.

### Debt Reduced by Focus of Coaching



Consistent savings varied a great deal by focus of coaching. The most successful clients were those focusing on other credit issues.

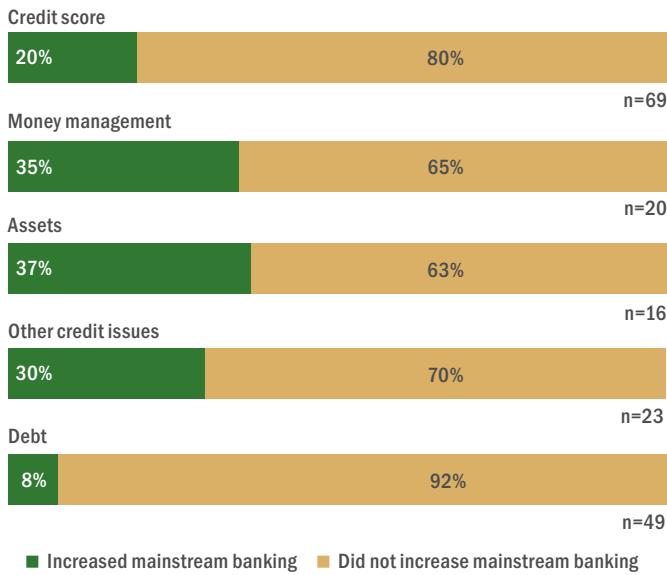
### Consistent Savings by Focus of Coaching



Increased use of mainstream banking was a frequently achieved outcome across the board, with those clients focusing on money management and assets being the most likely to make these changes.



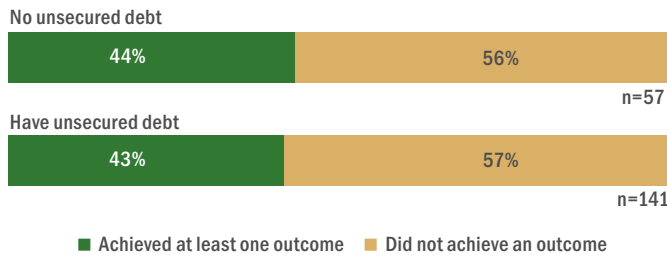
### Increased Mainstream Banking by Focus of Coaching



### INITIAL INDEBTEDNESS

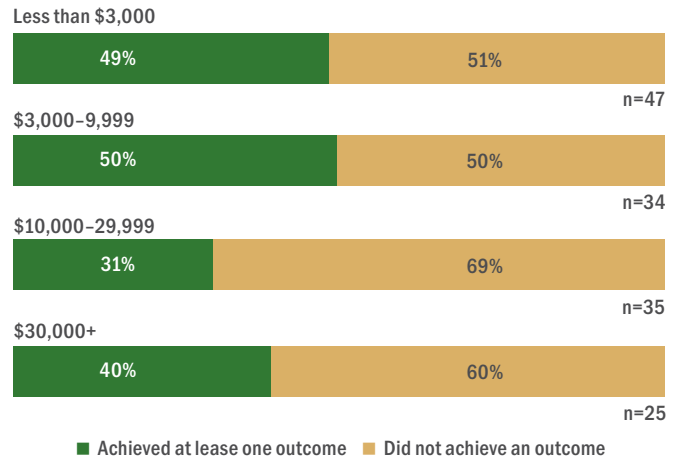
Clients who had unsecured debt at Wave 1 were just as likely as those with no unsecured debt to achieve at least one financial outcome.

### Outcome Achievement by Initial Indebtedness



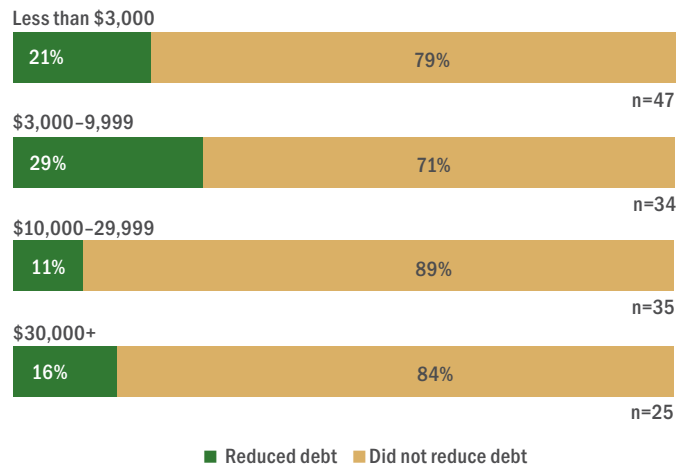
Among clients that did have debt at Wave 1, those owing less than \$10,000 were more successful in achieving at least one outcome than those with higher debt levels.

### Outcome Achievement by Amount of Initial Debt



An analysis of debt reduction between Wave 1 and Wave 2 indicates that those clients who began with less than \$10,000 in debt were more likely to reduce the amount they owed than those whose debt was \$10,000 or more.

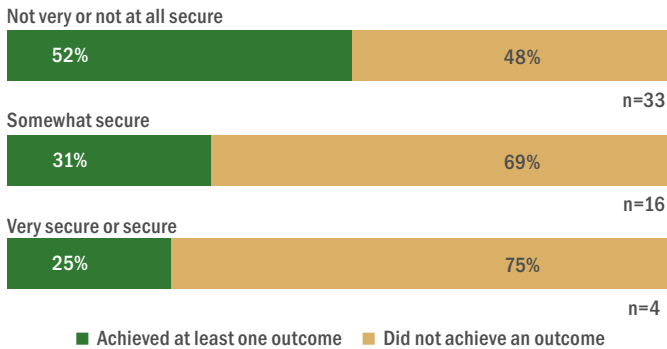
### Reduced Debt by Amount of Initial Debt



## FINANCIAL ATTITUDES

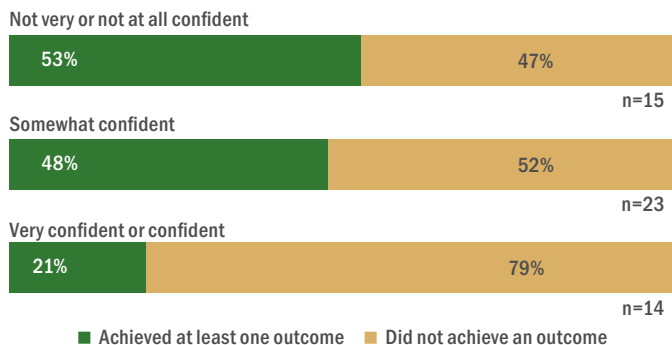
A subgroup of the Financial Security Customers were asked to rate their current feelings of financial security. A total of 54 Financial Security Customers responded to Wave 1 of these additional tools, while just 11 clients also participated in Wave 2. Respondents used one of five terms: very secure, secure, somewhat secure, not very secure, and not at all secure. Those who expressed lower levels of security at Wave 1 were more likely to achieve at least one financial outcome.

### Outcome Achievement by Initial Feelings of Financial Security



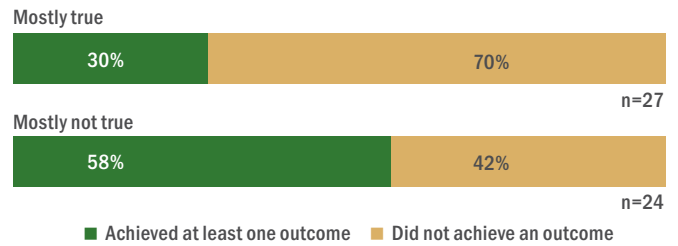
In a similar way, clients who started out less confident about being able to weather a financial crisis tended to be more successful in achieving at least one financial outcome.

### Outcome Achievement by Initial Confidence in Weathering a Financial Crisis



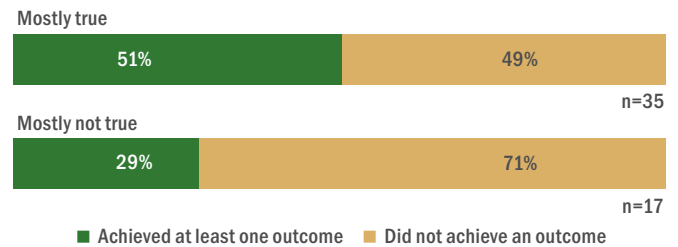
Client responses to the statement “I feel I am in control of my finances” demonstrate that those who feel this statement is mostly true were less likely to achieve at least one financial outcome.

### Outcome Achievement by Initial Feelings of Control of Finances



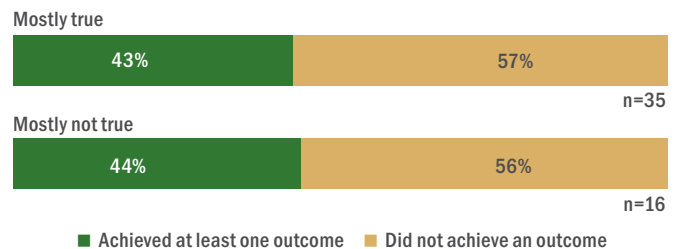
Success in achieving at least one financial outcome was also more likely among those who indicated that the statement “I feel stressed about my financial situation” is mostly true.

### Outcome Achievement by Initial Feelings of Stress



On the other hand, there was little difference in success between clients who feel they manage their money well and those who feel they do not.

### Outcome Achievement by Initial Feelings of Managing Money Well



## Summary of Outcomes for The Financial Clinic Financial Security Customers

Financial Security Customers were relatively successful in achieving at least one of the five client outcomes of interest to the Clinic. In fact, more than two in five participants did so. The most frequently achieved outcome was increased use of mainstream banking followed by debt reduction. While the likelihood of success did not vary by gender or ethnicity, younger clients were more likely to achieve at least one financial outcome than older participants.

Generally, this tracks other data that the Clinic has collected over the years. The critical point is less about who financial coaching works best for, but rather, who is likely to be the most interested in receiving the services. The Clinic has used data to focus its efforts on how to engage meaningfully with clients by better understanding what activities, tasks, and messages will establish the coaching relationship most quickly.

Those clients who initially felt less financially secure, less confident in their ability to weather a financial crisis, more stressed about their financial situation, and less in control of their finances tended to be more successful in achieving at least one financial outcome. With regard to the focus of coaching, participants who focused on debt were less likely to achieve at least one financial outcome than their counterparts who focused on other financial areas.

Whether or not a client initially had unsecured debt was not related to achieving at least one financial outcome. However, if a participant did have debt, those with a lower level at the outset were more likely to achieve at least one financial outcome and were more likely to reduce the amount of debt they owed.

There is some indication that confidence can make a difference in which customers respond to the financial coaching and how they do so. If in the future, the Clinic could ascertain the level of confidence of a client at the start of the relationship, they might be able to use that information to determine how they might build milestones into their Action Plans that would help build confidence. This information would not be used to screen clients out of the program, but to provide a better chance at success.

The Clinic staff were struck with how much more difficult it is to achieve outcomes when there are multiple pressures to assist a support network such as relatives, family and neighbors. Rather than draw conclusions from this, the Clinic would like to explore further how customers interact with their social circles. These findings will fuel a discussion about whether the Clinic should expand its definition of who the customer is; currently customers are limited to those who directly seek their services, but the data suggests that their customers may include anyone who may be impacted directly by the financial coaching. As the Clinic reported, “financial coaches tend to focus on the customer’s income and financial situation. In reality, however, households are a family affair.”

Finally, the difficulty in successfully following up with customers has reinforced the Clinic’s priority to create a more robust long-term customer engagement strategy.

As summarized here, the first stage of its research provided the Clinic with useful information that informs their current programs; what they learned raised additional questions that can be answered by additional research down the road.

# Financial Capability Demonstration Project Training Impact Survey Executive Summary

Survey conducted by EurekaFacts, LLC, Rockville, MD

## Background

As the nation's largest trainer of nonprofit affordable housing and community development professionals, NeighborWorks® America provides training and professional certification in eight specializations, including financial capability and coaching, homeownership education and counseling, and affordable housing development. In 2010, the Citi Foundation initiated a major partnership with NeighborWorks America designed to expand the scope and scale of financial capability programs that support low- and moderate-income individuals and families. This \$5 million, 2.5 year initiative drew on the nationally recognized expertise of NeighborWorks America's training, technical assistance and evaluation offerings including the NeighborWorks Center for Homeownership Education and Counseling (NCHEC), NeighborWorks Training Institute (NTI), Success Measures®, and NeighborWorks National Homeownership Programs.

As part of the Financial Capability Demonstration Project, NCHEC developed two new courses aimed at building new and seasoned practitioner skills and increasing the scope and impact of financial capability programming nationwide. These included:

*Delivering Effective Financial Education for Today's Consumer (HO209rq):* A 3-day course that addresses the fundamental components to successfully deliver a well-designed financial education program starting with group education and the primary ways consumers behave with their money: visioning; maximizing income; spending; saving; borrowing and protecting. Participants explore growing industry trends surrounding comprehensive "financial capability" programs, lifestyle changes, counseling, coaching and measuring outcomes.

*Financial Coaching: Helping Clients Reach Their Goals (HO310):* In this 2-day course, participants learn how coaching differs from and complements financial education, knowledge sharing and counseling. Using the content taught in *Delivering Effective Financial Education for Today's Consumer*, participants gain an understanding of practical coaching techniques using interactive case studies and demonstration activities to learn coaching essentials, client sensitivity and communication skills.

These courses were offered at eight week-long regional training events and at eight national NeighborWorks Training Institutes in key markets across the country in 2011 and 2012, drawing more than 1,500 practitioners to these high demand trainings. Of these, 400 attended under the scope of the demonstration project, which included scholarship opportunities to support participants from the learning cohort, as well as other community-based organizations providing financial education and financial coaching services to low- and moderate-income individuals and families. In total, these newly-trained practitioners served approximately 65,000 low- and moderate-income people with enhanced financial capability programming.

## Survey Methodology

A survey to measure the self-reported impact of the NeighborWorks America Financial Capability Training was administered to all the participants who attended at least one of two financial capability education/coaching courses utilizing a scholarship from the Citi Foundation. The courses occurred between 2011 and 2013 and were either regional place-based trainings or part of the national NeighborWorks Training Institutes. EurekaFacts, in conjunction with key staff from NeighborWorks America, evaluated and revised the questionnaire. Questions were designed to measure the individual, organizational and community-level impacts of the Financial Capability Trainings.

The email addresses and contact information utilized for the data collection were provided by NeighborWorks America. The web-based survey questionnaire was programmed and pre-tested by EurekaFacts and approved by NeighborWorks America prior to survey deployment.

An invitation to participate in the survey, containing a link to the online survey, was emailed to 390 previous Institute attendees who received scholarships from the Citi Foundation in conjunction with this project. After the initial invitation email, three reminder e-mails were sent to non-respondents at 8, 14, and 21 days later. A total of 180 individuals completed the online survey, resulting in a 46.2% survey response rate. This response rate provides results that are accurate within a margin of 5.4% at a 95% confidence level.

## Key Findings

### Individual Impacts

The majority of participants in the NeighborWorks Financial Capability Training programs believed the trainings were useful and had directly impacted their work, their organizations, and the clients they serve. For the majority of individual practitioners, the courses offered an opportunity to increase knowledge and skills that were directly applicable to their work. Specifically the survey found:

- Almost all (95%) respondents felt that the NeighborWorks Financial Capability Training was useful or extremely useful in building their skills and knowledge to better do their work.
- A large majority of the respondents (92%) have used or are currently using knowledge, skills, practices, tools, templates, checklists, and/or strategies that they specifically attribute to the NeighborWorks Financial Capability Training.
- Overall, 91% of the respondents agreed with the statement “The NeighborWorks training has had a positive effect on my work performance or will have a positive effect on my work performance”.
- A majority (92%) of respondents agreed with the statement “As a result of the training, I am better able or will be better able to serve our customers”.

Training participants also provided numerous examples of the ways that practitioners integrated the information learned in the courses into their programs and how these new approaches impacted their clients. Participants cited the following examples:

*“The techniques that were taught during the (NeighborWorks) trainings have been used in our own workshops by utilizing an interactive approach to teaching financial capability. The coaching techniques helped make me more comfortable when speaking with a client and be able to listen effectively.”*

*“I have used the [methods and tools taught in the courses] to assist the client in making their own decisions. Allowing them to become more self-empowered and solution oriented. It is a process in moving from the “telling” a client what to do and moving into supporting that client.”*

### Organizational Impacts

The training courses also had a clear impact on helping to advance financial capability programming at the organizational level. The majority of practitioners reported that they were able to make programmatic changes as a result of attending the training that led to expanded or improved financial capability programming. The key findings related to organizational impact are outlined below:

- Over three-quarters (78%) of respondents reported that the NeighborWorks Financial Capability Training has contributed, or will contribute, to their organization’s ability to be more successful in achieving its mission.
- More than half (57%) of respondents report that their organization has made changes, improvements, or expanded their financial capability services as a result of the NeighborWorks Financial Capability Training. The reported organizational change is higher (67%) among respondents that attended trainings a year or more before this survey was conducted.
- Over half (58%) of respondents said that their organization has a financial coaching program. Among the respondents that do not have a financial coaching program, 77% said that they integrate financial coaching into their other services.

Participants cited the following as specific examples of programmatic change that resulted from attending the training courses:

*“Our Financial Education Program became more comprehensive, developing a money management plan for our clients and providing ongoing coaching to assist them in attaining more assets.”*

*“We have incorporated Financial Capability as one of the targets areas of service for the clients we serve.”*

*“After the training, I presented the new material and tools. We have integrated new exercises in financial education classes.”*



## Client/Community Impacts

A majority of the respondents reported that what they learned from the training allowed them to develop or improve services that led to a concrete increase in client benefits. For example:

- About three-quarters (74%) of respondents agreed that the NeighborWorks Financial Capability Training contributed, or will contribute, to benefiting the customers/community they serve.
- Two-thirds (66%) of respondents affirmed that NeighborWorks Financial Capability Training helped them implement new or improved services, programs, or interventions that benefited their clients or communities.

Participants also cited the following examples as evidence of community and client impact:

*“Clients now are more involved in their financial futures, making more of a choice and setting a path for them, rather than us setting a path for them.”*

*“Clients now know that they play a part in reaching their financial goals. There is constant communication and effort from both counselor and client in their agreed upon action plan to be successful.”*

## Recommendations

- Overall, the NeighborWorks Financial Capability Training courses were highly rated and were perceived to have impacts at the individual, organizational, and community level. It is recommended that NeighborWorks continue using the current curriculum with ongoing updates, and consider expanding the scope and availability of Financial Capability Trainings.
- The existing courses were designed for a specific practitioner audience and this may contribute to the overall satisfaction with the direct relevance of the courses across job functions. Specifically, the current training curricula is targeted at front line staff (counselors and coaches) and focuses on skill building, practice and financial capability program development from a content perspective (approaches, techniques and tools). While the courses are relevant for managerial staff, there appears to be a need to develop a course that is more targeted toward the implementation of financial capability programs (how you develop it, staff it, integrate it into existing programs and measure its impact). NeighborWorks America is aware of this gap and is currently considering the development of a course that focuses on building capacity to implement and manage financial capability programs.

- While the majority of survey respondents affirm that the training has increased their own professional performance and similarly allowed them to make community-level impacts, fewer indicate that the training supports organizational change. Furthermore, it appears that without informed leadership and expertise at the management level, practitioners can struggle to meaningfully use their new skills once they get back to their organization. These findings further support the need to focus on skill building at the program director/management level and to expand curricula related to overcoming potential barriers associated with organizational change.

## Conclusion

The NeighborWorks Center for Homeownership Education and Counseling (NCHC) is continuing to refine and expand Financial Capability Training offerings in order to meet the needs of a growing cadre of practitioners. NCHC anticipates the need to develop additional courses that deepen the range of financial capability knowledge and practice for both practitioner and management level staff.

As part of these expanded financial capability course offerings, NCHC has developed a new course: *Advanced Financial Coaching: Taking Your Practice to the Next Level* that will be formally launched in August 2013. This highly interactive course further develops the skills of financial coaches who work with clients to reach their financial goals and increase their financial capability.

Through a joint effort between Success Measures and NCHC, NeighborWorks America is also currently developing a course that will focus on teaching practitioners how to conduct real-time evaluation of how their programs are changing the financial knowledge, attitudes and behaviors of the clients they serve using the Success Measures financial capability evaluation tools.

NCHC will offer a professional certification in Financial Capability beginning in August 2013. This approach will guide the field on necessary coursework to build knowledge and skills in the financial capability arena, depending upon interest and on-the-job experience. A professional certification will provide the added benefits of not only building up the capacity of the field, but also providing a cohesive framework for what constitutes well-executed and sustainable financial capability and financial coaching programming.





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