



Asset Funders Network

**Strategies for Investing In Financial Coaching:
A Grantmaker Briefing and Roundtable**

Hosted by The Annie E. Casey Foundation

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Community Science

Funder Briefing: New Insights in
Financial Coaching Programs,
Outcomes, and Replication

Julia Lee, Community Science
Scott Hebert, Sustained Impact
December 1, 2014



Center for
Financial Security



UNIVERSITY OF WISCONSIN-MADISON

Collin O'Rourke
J. Michael Collins
Hallie Lienhardt

COACHING PROGRAMS

PURPOSE OF SCAN

- **Desired Result:** Develop recommendations for the field for operational norms to standardize and to foster replication of promising financial coaching practices associated with improved outcomes



SCAN OF CURRENT PRACTICES

- Online survey distributed to 89 financial coaching programs (including both AECF grantees and non-grantees)
 - 48% (or 43 programs) completed the survey
- Comparison between subsets of high performers ($n=15$) and low performers ($n=10$)
 - *Disclaimer: The terms “high/low performers” used in the presentation are relative terms based on the survey responses. We use the terms in order to provide a framework for assessing the practices of those programs who appear to be high performers.*



SCAN OF CURRENT PRACTICES (CONT.)

- 10 high performer programs selected for additional inquiry through site visits or phone interviews
 - Selections made based on:
 - Performance (*number of people served, types of outcomes tracked, outcomes reported [e.g., % of success rates]*)
 - Variations in client population and program settings (*demographics/types of clients served; types of institutional settings [e.g., community college, state-wide, non-profit]*)



KEY PROGRAM PHILOSOPHY

BASED ON SITE VISITS/PHONE INTERVIEWS (HIGH PERFORMERS)

Common Themes	Definition
Empowerment (<i>n=8</i>)	Walking clients through a self-discovery and learning process that ultimately enables clients to take the lead in managing the security of their financial future
Client-Driven (<i>n=8</i>)	Coaching sessions are shaped by what clients define as goals and coaches then serve a role in guiding the action planning clients use towards attaining the goals they set for themselves.
Understanding Client Values/Context (<i>n=7</i>)	Recognizing that clients' perception of financial capabilities, responsibilities, attitudes and behaviors are connected to how their families and communities approach such matters.
Relationship & Trust Building (<i>n=5</i>)	Building relationships and trust with clients as the crux of the financial coaching style.
Strength-Based (<i>n=3</i>)	From the start, clients are deemed resourceful individuals who already have the skills to achieve their goals (rather than they are at a deficit and need to be built up) and coaches serve as guides through the journey.

PROGRAM & PRACTICE FEATURES

BASED ON SURVEY RESPONSES

- Common elements of high-performing programs
 - Generally, low financial coach turnover
 - All coaches had completed formal coaching training
 - Coaching clients able to access additional related services
 - Fairly frequent client contact (typically, at least once a month)
- Compared to low-performing programs, high-performers:
 - More likely to screen individuals at enrollment
 - Generally, smaller client caseloads
 - Greater emphasis on one-on-one coaching
 - Active listening and promoting client self-reflection and self-efficacy given greater emphasis than imparting substantive info and technical advice



KEY FACTORS CONTRIBUTING TO PERFORMANCE & CLIENT OUTCOMES

BASED ON SITE VISITS/PHONE INTERVIEWS (HIGH PERFORMERS)

- Emphasis on meeting clients/families “where they are at”; coaching customized based on client circumstances & competencies
- Qualities of the coaching staff
- Focusing on short- & long-term goals and actions
- Accessible locations and flexible (and synchronized) scheduling
- Management support; coaching approach part of culture of organization and partners
- Most frequently named: strong links to other services (with integrated/bundled services approach)



Alignment of Themes and Best Practices

- Client-centered, goal-focused, emphasis on self-awareness, monitoring and accountability
- Regular meetings with goals and progress documented
- Clarity of expectations of relationship between client and coach
- Safe, secure, and trusted location/environment for coaching sessions
- High quality training and subsequent supervision of coaches
- Selective referrals to resources for clients
- Responsibility for searching and selecting financial products rests with client



EVALUATION & OUTCOMES

Center for Financial Security
Outcome Measures for
Community-based Financial Coaching
Programs



Goals of Financial Coaching Outcome Measures Project

- Develop a set of measures that satisfy social science standards and coaching/counseling agency needs alike
- Test the set of standardized measures
- Encourage agencies to adopt use of the measures
- Increase collective understanding of how and why financial capability programs work



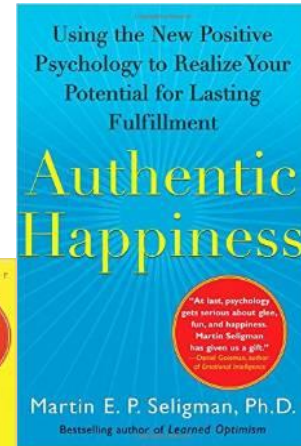
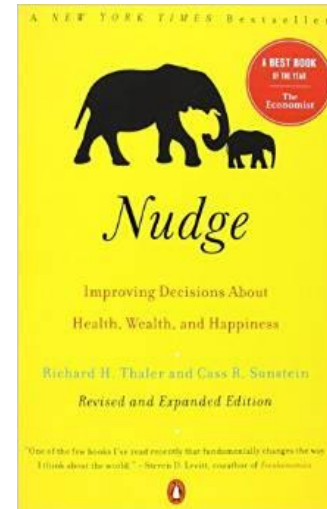
Building Financial Capability

- Goal is to develop our capability to solve problems on our own
 - We are all creative and resourceful
 - We want to improve our performance
 - We need a structure to develop own solutions
- Coaching Offers:
 - Focus of attention
 - Exercising self-control/accountability
 - Building adaptable skills
 - Facilitating empowered consumers in marketplace
 - not about “a product” or any one decision
 - Recognizing that we all struggle to change behaviors



An Evidence-Based Model

- Positive psychology
 - Focus on achieving personal happiness
 - Use strengths to attain goals
 - Solution or outcome focused
 - Not therapy
- Coaching Psychology
- Behavioral Economics
 - Self-monitoring and Adherence



Key Measurements

- Financial behaviors
- Confidence/self-efficacy
- Emergency savings
- Commitment to saving
- Planning ahead
- Late payments



What else to measure?

- Credit scores and credit report data
- Demographic information
- Other self reported information
 - How would you rate your current credit record?
 - Do you currently have at least one
 - financial goal?



MOST FREQUENTLY TRACKED OUTCOMES

BASED ON SURVEY RESPONSES

Outcome Being Tracked	Freq.	%*
Δ in clients' credit scores	33	77%
Δ in clients' debt levels	32	74%
Δ in clients' budgeting and payment behaviors	28	65%
Δ in clients' savings levels	28	65%
Δ in clients' savings behaviors	28	65%
Δ in clients' attitudes on managing their finances	21	49%
Achievement by clients of a longer-term financial goal	21	49%
Δ in clients' borrowing behaviors	19	44%
Δ in clients' attitudes regarding credit and debt	15	35%
Other	13	30%
Client outcomes are not tracked	1	2%

MOST FREQUENTLY TRACKED & REPORTED OUTCOMES

BASED ON SITE VISITS/PHONE INTERVIEWS (HIGH PERFORMERS)

Outcomes	Examples
Credit Scores (n=8)	Establishment of credit score; changes in credit score
Debt (n=5)	Changes in debt amount
Income (n=5)	Net income, which includes public benefits
Savings (n=5)	Savings behaviors (consistent contribution to savings)
Assets (n=4)	Increase in savings levels (including tax refunds)
Employment (n=3)	Placement into employment, retention, hours worked



EFFICACY OF FINANCIAL COACHING AS PART OF BUNDLED SERVICES

- Research conducted on bundled services delivery at LISC's Financial Opportunity Centers (FOCs) and United Way of the Bay Area's SparkPoint sites
- Statistically-significant findings relative to a positive association between receipt of the combination of financial coaching and employment counseling services and better client outcomes
 - UWBA labeled this service combination the “magic bundle”
- Stanford research team study of SparkPoint sites found receipt of “magic bundle” a strong predictor of clients achieving **progress toward self-sufficient income**



EFFICACY OF FINANCIAL COACHING AS PART OF BUNDLED SERVICES (CONT.)

- LISC research on FOCs focused on client receipt of Employment Counseling (EC), Financial Coaching (FC), and Income Supports Counseling (ISC)
- Statistically significant findings:
 - Clients' **job placement and employment retention success** greater with combination of FC + EC, then with just receipt of EC or with the combination of EC + ISC
 - The combination of all three services (FC + EC + ISC) had the highest rates of success
 - Although a substantial % of clients with FC alone realized **net income gains**, the success rates increased significantly for clients accessing additional services (EC ,or EC+ISC)



EFFICACY OF FINANCIAL COACHING AS PART OF BUNDLED SERVICES (CONT.)

- Caveat regarding the UWBA/*SparkPoint* and LISC/FOC in-program analyses
 - *Association versus causation*
- Social Innovations Fund (SIF) evaluation of some LISC FOC sites using external comparison groups is underway
 - Final report from Economic Mobility Corporation -expected mid- to late-2015
 - Some early findings indicate FOC participants **more likely to pay bills on time** than comparison group members



TRAINING & SCALE

Center for Financial Security
Financial Coaching Training
Field Scan



Summary of Training Field

- At least 12 organizations offering financial coaching training
- All offer “basic” financial coaching course
- Almost all programs covered both financial content and coaching skills content
- Approximately half offer CEU’s
- Three fourths of the programs charge tuition at an average of \$750 per individual
- On average half of the programs train over 100 individuals per year
- All 12 of the programs are less than 10 years old



Characteristics of Quality Training Programs

- Inclusion of some financial content applied to coaching process
- Inclusion of in-depth coaching skills content
- Inclusion of behavioral psychology component
- Extensive opportunities for coaching practice



COACH REQUIREMENTS BASED ON SURVEY RESPONSES

- Some form of financial coaching training (completed or will complete after hiring)
 - 89% of high performers
 - 78% of low performers
- 1+ years experience in the financial field
 - 50% of high performers
 - 78% of low performers
- A minimum academic / qualification
 - 72% of high performers
 - 100% of low performers



INSIGHTS RE SCALE

BASED ON SURVEY RESPONSES

- Range of numbers of individuals served over 12 months by the financial coaching programs:
 - All programs: 12 to 4,430* individuals per year
- Median of number of clients/program annually
 - High performers: 274
 - Low performers: 399
- Median case loads/coach
 - High performers: 30
 - Low performers: 60

