

Financial Stability First

Pilot Project Results and Recommendations

DISCUSSION BRIEF

SPRING 2016

The National Human Services Assembly conducted a pilot project in three human service agencies to determine whether financial navigators in the workplace could be deployed to assist low-wage employees. The goal was to create a foundation of financial stability through outreach, education and access to a range of financial products and services. Project outcomes confirmed the value of intentional organizational efforts to work with low-wage employees to navigate this landscape and become aware of the resources that can increase their financial stability.

Overview of the Project

Human service employees can be found in childcare centers, nursing homes, clinics, adult day care facilities, child welfare offices and many other settings. They fulfill essential roles in society, caring for millions of people across the lifespan and helping individuals and families reach their full potential. Despite the critical role of human service workers, at least five million of them are considered **low-wage employees, defined in this project as workers earning less than \$30,000 per year**. Nonprofit human service employers often are limited by funding cuts and capped reimbursement rates in the effort to offer this critical workforce wages high enough to support themselves and their families.

Solutions to this dilemma have been widely considered by the National Human Services Assembly (the Assembly), an association of more than 70 of the largest national nonprofit human service organizations—many with low-wage employees. The Assembly opted to train and prepare internal resources as Financial Navigators with the expertise and tools needed to help build the financial stability of low-income families whose wage earners are employees of large human service organizations.

The Assembly, with generous support from MetLife Foundation and with guidance from partners in the financial stability sector, launched the Financial Stability First (FS1) pilot project in 2014.

“...as adults, we think we know how to handle money but we really don't. It was very helpful to learn how to keep {save} more money.”

A catalyst for developing FS1 was the success of the Assembly’s *Bridging the Gap* (BTG) project. BTG sought to test the feasibility of nonprofit human service employers’ capacity to connect frontline human service employees with work supports. A key recommendation of the employers who participated in BTG was to expand work supports to a more holistic financial wellness model that might offer greater financial stability for low-wage employees. As such, FS1 was envisioned and conceived to test two related hypotheses over a 12-month period:

- As employers of low-wage workforces, nonprofit human service agencies can be an entry point to reach a large and growing population to gain access to the financial sector.

- Employer-based delivery of financial navigation services has the potential to improve low-wage employees’ knowledge about and participation in reputable financial products and services.

Financial Status of Low-Wage Employees

Intake information from employees who participated in the MyBudgetCoach (MBC) online one-to-one financial coaching program of FS1 highlights the financial stress and challenges that low-wage employees of human service agencies face:

- Average household income was less than \$30,000;
- Monthly expenses exceeded income for the majority and only about 17% had an emergency fund;
- The average unsecured debt (including credit card debt) was close to \$2500; and
- There was an average (and quite low) credit score of 578.

Approximately one-third of the pilot site survey respondents indicated they would have trouble making ends meet if an emergency expense were to arise, such as someone getting sick, being laid off or having a car break down. This result confirmed the stressful financial position of low-wage workers and the value of providing information and support on financial services/products that could improve their financial stability.

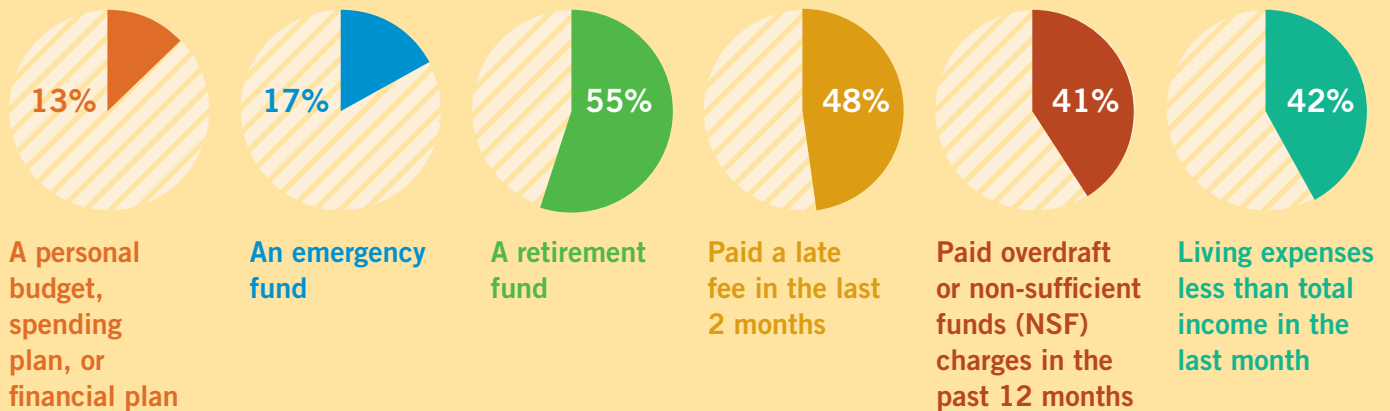
The Assembly recruited Catholic Charities of the Archdiocese of Chicago, Goodwill Industries of Denver and Goodwill Industries of the Keystone Area, Harrisburg (PA) as pilot sites to test the hypotheses. Each site identified a Financial Navigator to implement the project. They had three key roles:

- Promote FS1 within the organization, and provide baseline financial literacy and education;

FINANCIAL STATUS OF PILOT SURVEY RESPONDENTS

	Mean	Range
Total household income	\$29,808	\$27,700–\$100,000
Individual income from work and other sources	\$19,008	\$1,000–\$43,000
Estimated total of unsecured debt (debt that is not for a home, car, or education)	\$2,400	\$0–\$13,700
Credit score	578	422–734
Number of credit cards	3	1–13
Credit card total balance	\$1000 (median)	\$0–\$13,800

Survey respondents that have:



- Help to identify, develop and maintain partnerships with appropriate resources and service providers inside and outside the organization, and connect employees to those resources; and
- Collect data to determine FS1’s impact and progress in helping employees meet their personal goals.

Three levels of intervention were planned: 1) initial outreach about the availability of the program; 2) financial education sessions; and 3) enrollment in MyBudgetCoach, an online one-to-one financial coaching program with a 12-month commitment.

A dynamic Advisory Council representing organizations that have experience with financial inclusion was established to inform the project design, implementation and assessment of FS1. The council comprises industry leaders from **Catalyst Miami, Catholic Charities USA, Center for Enterprise Development, Center for Financial Services Innovation, Goodwill Industries International, Inc., Local Initiatives Support Corporation, the Initiative on Financial Security at the Aspen Institute and United Way Worldwide.**

WFD Consulting was tapped as an external evaluator to design and advise on evaluating FS1 to measure the impact of financial education sessions and financial navigation counseling. Measures included tracking attendance at outreach and education sessions; surveying levels of financial knowledge; increased confidence and new skills acquired during the pilot project; and impact on financial stability.

Results

The results of the pilot project exceeded three out of four of the benchmarks, as shown in the chart, “Overview of FS1 Results.” External factors influenced the launch of MyBudgetCoach affecting progress toward the fourth benchmark. Those variables—logistics, technology and staff turnover—are explained in the **Challenges** section.

Navigators Improved Low-Wage Employees’ Financial Knowledge and Skills

The Assembly tracked the participants’ experience in outreach and financial education sessions with a survey that

“By working more closely with individual employees through FS1, Goodwill’s mission has been deepened.”

OVERVIEW OF FS1 RESULTS

FS1 Benchmarks for Pilot Sites	Target	Total	% of Goal Reached
70% of total low-wage employees attend an outreach session*	2690	6397	238%
40% of outreach participants attend a financial education session*	1076	1893	176%
22% of financial education session participants access a new financial product/service	187	235	126%
15% enroll in MyBudgetCoach	162	40	25%

*Individual employees could attend more than one outreach or financial education session which results in some percentages exceeding 100%.

“...it has broadened the way they think about themselves and their potential.”

was intended to cover the full range of their experience. Nearly 1,200 surveys submitted by outreach and financial education session participants revealed that the majority of them gained new expertise, including why to use direct deposit, the value of employer retirement accounts, how to make a budget, and how to establish a savings account. Importantly, employees were connected to financial services and products that were available to them, often at lower rates or no cost, and replacing the use of Currency Exchanges or high-interest rate credit cards.

Many employees indicated in post-education surveys not knowing about the range of financial products and services that were available, underscoring the value of outreach and education provided by the employer organization.

The project measured increased financial awareness, knowledge and confidence. By providing basic education and outreach (generally less than a two-hour session) employers saw a significant increase in low-wage employees’ level of knowledge which

led to important behavior changes such as increased confidence and decreased financial stress.

Tangible Benefits Resulted from Outreach and Education Sessions

In the post education survey, respondents were asked to indicate whether they would change any behaviors or access new financial products or services, as a result of attending each session. Many participants reported using the new knowledge and confidence gained from FS1 outreach and education sessions to establish a savings plan and to improve or repair their credit scores. Those not already using direct deposit intend to sign up and others will begin moving from high to no-interest checking accounts.

The education sessions were a catalyst in moving participants closer to indicators of good financial health described by The Center for Financial Services Intervention in their April 2016 report, “Eight Ways to Measure Financial Health.”

“FS1 helped us to thoughtfully connect with staff;
**we genuinely want them to
do better for themselves,**
which can then help the organization.”

Employees Enrolled in MyBudgetCoach Experienced Personal Development and Behavior Change Regarding Their Financial Stability

The Assembly required pilot sites to use MyBudgetCoach (MBC), a one-on-one, 12-month online financial coaching program, as they assisted employees with their financial goals and activities. Employees using MBC reported being empowered to develop a budget, establish financial goals, track expenses, understand and interpret or dispute credit reports, start a savings account, and be more effective money managers. While MBC requires a 12-month commitment, it appears that employees began taking action toward behavior change sooner than anticipated, often within six months.

Participants enrolled in MBC reported they had:

- Identified and tracked their personal spending habits, learning how to change their behavior;
- Clarified misconceptions about credit usage and how credit affects basic needs;
- Began to investigate and remediate unforeseen/forgotten medical debts

and student loan obligations that show up on credit reports;

- Learned to read, interpret and/or dispute credit reports; and
- Recognized that by using MBC, they were in control of their financial well-being, specifically with positive budgeting techniques like tracking monthly expenses and opening savings accounts.

The project enabled Financial Navigators within the organization’s workplace to meet and interact with a far greater number of their employees than before participating in the pilot. In addition, the employees’ direct managers were educated on the factors causing financial instability and its relationship to employee productivity and retention. As a result, they began to allow staff to use work time to attend education sessions.

From Goodwill Keystone: “Through MyBudgetCoach, we learned that employees had very little understanding of credit basics. This provided us with an opportunity to gear educational sessions and workshops around the issue of credit and to partner with a new institution—Citizens Bank—to deliver targeted programming to employees.”

The pilot project has confirmed that arming low-wage employees with useful

As a result of attending a moderate, low-touch intervention (an education session):



More than 70% of respondents indicated **increased confidence** in their ability to achieve a financial goal



60% felt their financial situation would improve as a result of attending the session



Nearly 60% attested to **increased knowledge** of financial products and services available to them



Over 50% knew more about the importance of budgeting and saving

information and tools can improve their financial situation, avert frequent financial crises, reduce stress regarding financial challenges, and improve employees' overall financial stability.

Benefits to the Pilot Sites

The pilot sites were enthusiastic about the benefits to employees. The FS1 interventions deepened organizational understanding of many employees' precarious financial positions. This deeper understanding has strengthened resolve at a management level to structure and

expand financial wellness activities for the full workforce.

The Navigators at the pilot sites adopted a peer-to-peer model with the employees, often sharing personal financial experiences that created an environment of trust. They observed firsthand how outside stressors could jeopardize work attendance and productivity. This, in turn, brought to mind new ways to boost support and encouragement for these critical employees. The deepened employer/employee relationships have the potential to lead to increased productivity, reduced staff turnover and more effective human service operations.

- “By working more closely with individual employees through FS1, Goodwill’s mission has been deepened.”
- “FS1 helped us to thoughtfully connect with staff; we genuinely want them to do better for themselves, which can then help the organization.”
- After attending financial education sessions, 30 of Catholic Charities Chicago homemakers enrolled in a certification opportunity through the local community college, with the goal of improving their employability. “At the same time, it has broadened the way they think about themselves and their potential.”

Another positive outcome of FS1 for the pilot sites was developing new partnerships with local organizations that offer financial products and services. This not only benefits low-wage employees, it also can serve employees at all levels of the human service organization.

Challenges

Logistics

Organizations that serve a broad geographic region or have a number of branch offices found it challenging to build in travel time and coordinate

working schedules in order to reach the intended employees, in person, with outreach information and education. Additionally, MBC was originally intended to be a 1:1 coaching program, which was more time-intensive than expected and limited the number of employees that could be reached.

Technology

Technology proved to be a barrier with many participants across sites. Most don't have computers at home or at work, which hampers their ability to access and use MyBudgetCoach. The majority rely on cell phones to access the Internet and other programs.

Attrition

The high turnover rate of frontline employees in the nonprofit human service industry was a challenge and included turnover among the Financial Navigators themselves. Besides the loss of continuity, this meant more training of the navigators than was originally planned.

Transportation issues, unaffordable car repairs, child care complications, health emergencies and other factors jeopardized regular employee work attendance, as well as participation in the project, contributing to the turnover rate. The busy and unpredictable lives of these workers also made the navigators' job more complicated, requiring more frequent follow-ups and touch points to ensure that appointments were kept, work happened between appointments and general momentum was sustained.

Recommendations

The project outcomes suggest that **agencies and their low-wage employees benefit when financial navigation activities are integrated** within the existing human resource workplace practices of the organization.

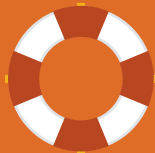
A mobile phone application would make MBC accessible to more low-wage employees, since many do not have computers at home or at work. Likewise, **translating the program materials** into Spanish and other languages prevalent in local communities **can increase the accessibility of MBC.**

Because the program is designed to be adaptable, **where sites have identified gaps in the financial education curriculum, a new module could be developed** or additional documents added to the existing education module to address gaps.

Incorporating **peer-to-peer learning and support, as well as group coaching,**

ESTABLISHING A PLAN

After the session, the top five actions that participants were inspired to take were:



Save more money

Access tools to check credit report and improve/build score



Sign up for free or low-cost checking

Start using direct deposit



Put more into retirement

should be considered as an effective model for shared financial education and support. This strategy would address the sites' concerns about the amount of staff time required to implement the project while creating a fuller experience for participants.

A train-the-trainer model for preparing financial navigators could be deployed

to expand the project reach and increase the number of trained navigators available for such an effort.

Implement a second pilot phase to reach more low-wage employees with a tested model incorporating what was learned from the first pilot. It could include more organizations, and facilitate peer learning opportunities in the original sites.

Acknowledgements

The Assembly wishes to thank the following organizations for sharing their expertise in the field of financial inclusion as members of the FS1 Advisory Council:

[Catalyst Miami](#)

[Catholic Charities USA](#)

[Center for Financial Services Innovation \(CFSI\)](#)

[Corporation for Enterprise Development \(CFED\)](#)

[Goodwill Industries International](#)

[Local Initiative Support Corporation \(LISC\)](#)

[The Aspen Institute](#)

[United Way Worldwide](#)

The Assembly extends gratitude to the employees and employers at the following nonprofit human service organizations for participating as pilot sites for FS1:

[Catholic Charities of the Archdiocese of Chicago](#)

[Goodwill Industries of Denver](#)

[Goodwill Industries Keystone Area \(Pennsylvania\)](#)

Copyright © 2016 by National Human Services Assembly

This project was generously funded by MetLife Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the Assembly and do not necessarily reflect the opinions of the Foundation. MetLife Foundation was created in 1976 to continue MetLife's long tradition of corporate contributions and community involvement. Today, the Foundation is dedicated to advancing financial inclusion to help build a secure future for individuals and communities around the world. To learn more about MetLife Foundation, visit www.metlife.org.

Founded in 1923, the National Human Services Assembly is an association of leading human service providers. It was created by top national executives in the sector who believed their organizations could accomplish more collectively than individually to advance their missions and optimize performance. The Assembly has grown to include more than 70 members, mostly the national headquarters of human service provider organizations. These organizations and their respective national networks collectively engage with nearly every household in America—as consumers of services, donors, and volunteers.

Contributors to Developing This Brief:

Tonya Wiley-Robinson
Senior Advisor, National Human Services Assembly

Ilsa Flanagan
Director, National Human Services Assembly

Judy Leaver
Writer

Amy Richman, Ed.D.
Senior Consultant, WFD Consulting

MetLife Foundation



1101 14th Street NW
Suite 600
Washington, DC 20005

202-347-2080

www.nationalassembly.org

policy@nassembly.org