

# Integrating Financial Counseling into TANF Employment Services

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# Background

- One-year pilot (2015-2016) to implement voluntary financial counseling within mandatory employment services program for cash assistance applicants/clients
  - Successful history integrating financial counseling into another HRA program: Jobs-Plus, a voluntary program targeted to residents of public housing.
  - Note that NYC’s program includes TANF families as well as Safety Net clients—i.e., families who have reached the 5-year federal time limit and adults without dependent children.
- Collaboration between the NYC Human Resources Administration (HRA) and NYC Department of Consumer Affairs/Office of Financial Empowerment (OFE)
  - Strong support at HRA for provision of financial counseling to promote self-sufficiency
  - Successful OFE model for integrating financial counseling with social service delivery
- Pilot sites selected from among existing employment services providers (Bronx and Queens)

# Program Model

## *Pilot Site Requirements*

- Integrate financial counseling within existing services
- Participate in intensive training provided by CUNY
- Develop individual service plans for participating clients
- Collect and monitor client service and outcome data using OFE's "Efforts to Outcomes" (ETO) system
- Provide financial counseling services to at least 100 clients

<i>Financial Empowerment Outcomes</i>	
Domain	Outcomes
Banking	<ul style="list-style-type: none"><li>• Opens safe / affordable bank account</li><li>• Transitions to safe / affordable bank account</li><li>• Bank account open 6 months later</li></ul>
Credit	<ul style="list-style-type: none"><li>• Establish credit history / score</li><li>• Improve credit score by 35 points</li></ul>
Debt	<ul style="list-style-type: none"><li>• Decrease debt at least 10%</li></ul>
Savings	<ul style="list-style-type: none"><li>• Increase savings by at least 2% of net income</li><li>• Save regularly (at least three months)</li></ul>

# Evaluation Questions

- What are the demographic characteristics, financial behaviors, and financial attitudes of cash assistance clients who volunteer to participate in financial counseling?
- What are the challenges and effective strategies in implementing financial counseling in a TANF employment services setting?
  - How do sites integrate financial counseling into existing workflow/activities?
  - What strategies facilitate enrollment and engagement in financial counseling?
  - How did implementation of financial counseling change over time?

# Methods

- *Administrative data:* participant enrollment, characteristics, and outcomes (n=193)
  - Provider rosters with participant enrollment and outcome data for March 2015 – June 2016
  - HRA data warehouse pull for participant demographics and case characteristics
- *Participant survey:* 28-item questionnaire measuring financial behaviors, attitudes, and motivation to change, administered by providers at financial counseling enrollment
  - Completed by 153 participants (89% response rate in Queens and 69% in Bronx)
- *Site visits / key informant interviews:* leadership and front line staff perspectives on implementation experiences
  - Baseline, 6-month follow-up, and 15-month final visits to each site

# Initial Provider Plans for Integrating Financial Counseling

	Queens	Bronx
<i>Theory of Change</i>	“Managing the resources you have”	Individuals with earned income are more future-oriented
<i>Target Population</i>	All employment services participants, with emphasis on those not yet placed	Only participants employed full-time
<i>Recruitment Opportunities/Strategies</i>	Primarily at orientation and in 1:1 client meetings with case manager	Primarily at job placement and during retention meetings (e.g., when placed clients came in for carfare)
<i>Meeting Schedule</i>	Integrated into ongoing meetings with case workers	By appointment with designated worker

# Program Infrastructure

	Queens	Bronx
Staff	5 case workers, at least one from each track + retention	1 workshop facilitator, 2 case managers
Space	Initially at workers' cubicles, later considered creation of "Financial Empowerment Center" area	Workers' cubicles
Systems	Delays in using ETO due to need for agency approval of forms; created "mirror" system in own database	Difficulty accessing ETO reporting functions. Agency kept own records in addition to ETO. For-profit status complicated access to credit scores.

# Participants: Demographic Characteristics

	Queens (n=117)	Bronx (n=76)
Female	56.4	61.8
<i>% female among full site caseload</i>	<i>62.7</i>	<i>68.6</i>
Age (mean)	37.9	38.4
<i>Age (mean) among full site caseload</i>	<i>35.3</i>	<i>35.4</i>
High school or above	63.4	51.3
Race / Ethnicity		
African American	62.4	47.4
Hispanic	18.8	38.2
Asian	11.1	3.9
Active cash assistance case at 17 months after pilot launch	42.7	25.0

- Financial counseling participants more likely to be *male* and *older*, compared to the general population served at each site.
- A majority had at least a high school diploma.
- Other differences reflect the borough or target population for financial counseling at each site.



# Participants: Financial Behaviors

	Queens (n=104)	Bronx (n=49)
<b><u>Banking</u></b>	%	%
Has savings account	28.8	16.3
Has checking account	45.2	28.6
Used direct deposit in past year	41.7	36.8
Used check cashing services in past year	31.3	55.1
<b><u>Credit and Debt</u></b>	%	%
Has credit card	29.1	12.2
<i>If yes, has credit card debt*</i>	63.3	100.0
Has debt other than credit card	73.8	63.3
Contacted by collection agency in past year	44.4	61.2

- Among the minority with a bank account, most reported balances under \$100.
- Even though the Bronx program targeted employed clients, participants there were *less* likely to report having a bank account.
- Only 24% of respondents had a credit card—most of these clients also had credit card debt.
- Most participants (73%) had some kind of debt and more than half of those with credit card or other debt owe more than \$1,000.
- Student loans were the most common form of debt, followed by credit card debt.

# Participants: Financial Distress and Readiness for Change

- Sixty percent of respondents met criteria for high financial stress – twice the rate of the general population based on a nationally representative survey.\*
  - 65% reported little confidence that they could find \$1,000 to cover an emergency.
  - 83% reported sometimes worrying about being able to meet normal monthly living expenses.
- As might be expected in a voluntary program, over 90% of participants reported that they intended to change their financial behaviors within the next 6 months.
  - *Among those*, over 90% intended to change their behavior within 30 days.

# Implementation Experiences: Client Enrollment and Engagement

- Enrollment slower than expected; as of one year post-launch, Queens had enrolled 103 clients (i.e., met minimum requirement of 100); the Bronx had enrolled 71.
- Barriers to recruitment and engagement included time/scheduling conflicts, client focus on immediate needs and reluctance to share information about their financial situation (benefit implications), and short-term participation in the program (client churn).
- Overall, credit issues and student loans were of most interest to clients.
  - Bronx: enrollment rates improved dramatically once staff were able to pull credit reports.
- Providers also reported clients with some work experience were more likely to enroll.

# Implementation Experiences: Client Enrollment and Engagement (cont.)

- Given challenges, both sites used multiple strategies to recruit and engage participants:
  - Expanded target populations to former clients (Queens) and to non-placed clients and part-time workers (Bronx)
  - Incentivized staff to refer to financial counseling: A tablet given to the worker with the most referrals (Bronx)
  - Started providing services by phone (Queens)
  - Increased late night hours and planned to embed financial counseling as “opt out” component of training/education programs (Bronx)
- Still, keeping clients engaged after initial session was challenging, leading one site (Queens) to emphasize providing as much information as possible during first counseling session.

# Implementation Experiences: Staff Workload and Roles

- Staff workload was a challenge: Case workers providing financial counseling in Queens experienced role conflict and time pressures.
  - Queens considered consolidating services under one lead staff person. In this approach, caseworkers would provide “light touch” and designated worker would address more in-depth issues, including follow-up on documentation for reporting outcomes.
- Staff turnover led to loss of staff trained in financial counseling and impacted the ability of both sites to deliver services by 15 months post-launch.
- Bronx noted that counseling approaches varied by staff role: case workers used problem-solving; workshop facilitator favored coaching techniques.
- Intensive, boot camp-style training upfront was helpful, and ongoing support by OFE and on-line forums in trouble-shooting implementation and service issues was also critical.
  - Topic highlighted as particularly helpful: knowing when to accept or reject liability for a specific debt.

# Implementation Experiences: Participant Outcomes

- Of the 8 outcomes specified in OFE's model, the *only* outcome documented by either provider was “client opens a safe and affordable bank account.”
  - Far more common among Queens participants (41.9%, n=49) compared to Bronx participants (7.9%, n=6), even though the Bronx site targeted working clients and had fewer clients already with accounts.
- Given both programs' emphasis on credit, unclear why there are no documented outcomes in that domain. It may be that credit outcomes take longer to achieve than clients tend to stay with HRA programs (long-term client connections are limited).
- *Importantly*, it's unclear whether limited outcomes reflect an inability to achieve outcomes versus an inability to document them (in part due to challenges with client follow-up).

# Implementation Lessons

***#1: Staff capacity to deliver financial counseling services is critical, but difficult to sustain.***

- Given routine turnover in human services, a flexible, modular, and timely approach to staffing and training is needed to maintain capacity.
  - Both sites lost staff who had participated in OFE's training and faced challenges re-staffing the pilot given the available training schedule.

# Implementation Lessons

***#2: Different models for delivering financial counseling require different trade-offs in terms of target populations, scheduling, and staff role/workloads.***

- Sites adapted initial implementation plans (which were grounded in agency theories of change) to address challenges in meeting enrollment targets and milestones.
- Offering services at different times of day and using different modalities (on-line, phone, text) may be critical for ongoing engagement – especially for working clients.
- Integrating financial counseling into core services leverages client-case manager relationship, but may overburden workers. Concerns about role conflict and time pressures experienced by staff led (Queens site) to reconsider integration model for service delivery.



# Implementation Lessons

## ***#3: Sites should prioritize strategies for accessing and using data and data systems.***

- Both sites experienced challenges in using OFE's data system due to lack of training, outcome documentation requirements, and system issues.
- Both maintained parallel tracking systems (paper or electronic) to monitor client enrollment and progress, requiring substantial investment of worker time.
- For-profit providers do not have access to certain resources available to non-profits (e.g., access to credit scores via Credit Builders Alliance).

# Implementation Lessons

## ***#4: Outcomes specified in the OFE model were challenging to achieve and document.***

- There may be a mismatch between the time required to achieve outcomes specified in the OFE model and the length of time clients are engaged with TANF employment services.
  - HRA’s new employment services model provides for one year of retention services (versus 6 months), which may help to address this issue.
- Outcomes in the OFE model may not capture important outcomes for the cash assistance population.
  - The Jobs Plus financial counseling program tracked a wider range of outcomes, including shorter-term indicators. E.g., In addition to credit score improvement, positive outcomes included “reviewed credit report” and “received credit-repair assistance.”
- Cash assistance program clients may be reluctant to document improved financial outcomes, fearing loss of public benefits (i.e., due to asset limit).

# Conclusion and Next Steps

- Provider leadership and staff remained enthusiastic about financial counseling's potential, despite challenges, and pilot results underscore the potential value of these services.
  - Clients were poorly connected to banking and credit, had low levels of assets and high levels of debt, and experienced substantial financial distress.
  - Staff were able to help clients access credit information, open bank accounts, and address barriers to financial stability (e.g. identify theft, child support arrears).
- The pilot also identified challenges to implementing voluntary services in the context of a mandatory cash assistance program, including struggles with client engagement and staff capacity.
- Lessons learned informed planning for expanded access to financial counseling via redesigned cash assistance employment services model launched in spring 2017.
  - E.g., providers serving youth are required to have a full-time financial counselor on-site.